

The NATIONAL UNDERWRITER

CONTINENTAL COMPANIES

General Offices: Chicago, Illinois

Continental Casualty Company

Financial Statement—December 31, 1941

ASSETS

Cash	\$10,214,528.70
*United States Government Obligations.....	13,434,666.75
*Other Public Bonds.....	3,115,375.83
*Railroad Bonds.....	\$ 840,798.56
*Public Utility Bonds.....	2,913,500.29
*Miscellaneous Bonds	3,389,909.04
Total	7,144,207.89
*Preferred and Guaranteed Stocks.....	1,270,044.00
*Other Stocks	4,190,940.00
Mortgage Loans	385,729.98
Real Estate	450,894.24
Premiums in Course of Collection.....	4,425,123.27
(Not over 90 days past due)	
Accrued Interest and Rents.....	171,897.37
Other Assets	341,251.49
Admitted Assets	\$45,144,659.52

LIABILITIES

Unearned Premium Reserve.....	\$10,905,579.96
Reserve for Claims.....	17,157,101.13
Miscellaneous Liabilities	2,921,978.53
General Investment Contingency Reserve.....	1,100,000.00
General Insurance Contingency Reserve.....	500,000.00
Capital	\$ 2,500,000.00
Surplus	10,059,999.90
Capital and Surplus.....	12,559,999.90
Total	\$45,144,659.52

*Eligible bonds amortized. Insurance stocks valued on basis of pro-rata share of capital and surplus. All other securities at quotations prescribed by National Association of Insurance Commissioners.

Net Premiums written during 1941—\$28,030,709.46—Increase over 1940, \$2,658,415.84.

Continental Assurance Company

Financial Statement—December 31, 1941

ASSETS

Cash	\$ 1,780,409.44
United States Government Obligations.....	6,325,146.00*
Other Public Bonds.....	687,688.55*
Railroad Bonds.....	\$ 2,432,106.52*
Public Utility Bonds.....	9,445,910.10*
Miscellaneous Bonds	3,924,925.43*
Total	15,802,942.05
Preferred and Guaranteed Stocks.....	1,105,850.00*
Other Stocks	311,477.00*
Mortgage Loans	7,975,741.75
Policy Loans	4,427,491.06
Real Estate	645,849.13
Net Deferred and Uncollected Premiums.....	1,390,718.52
Accrued Interest and Rents.....	319,277.10
Other Admitted Assets.....	—6,192.64
Admitted Assets	\$40,766,397.96

LIABILITIES

Statutory Policy Reserves.....	\$34,042,560.51
Death Claims Due and Unpaid.....	None
Pending Claim Reserve.....	1,474,743.01
Premiums Paid in Advance.....	373,908.66
Miscellaneous Liabilities	654,478.78
General Contingency Reserve.....	150,000.00
Capital	\$ 1,000,000.00
Surplus	3,070,707.00
Capital and Surplus.....	4,070,707.00
Total	\$40,766,397.96

*Eligible bonds amortized. All other bonds and all preferred and guaranteed stocks at quotations prescribed by National Association of Insurance Commissioners. Other stocks at lower of cost or such quotations.

Insurance in Force as of December 31, 1941

("paid for" basis).....\$367,046,445.00
—Increase over 1940, \$92,603,761.00†

†Includes one unusually large group risk. Even with this risk excluded the increase exceeded that of any preceding year.

DIRECTORS

H. A. BEHRENS, Chairman of the Board, Continental Casualty Co.; President, Continental Assurance Company

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Blair, Bonner & Company

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Vice President, Continental
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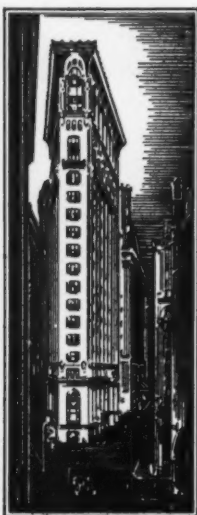
The Continental Year Book discloses in greater detail the companies' operations and financial structure. It will be furnished upon request.

Casualty Insurance

Fidelity and Surety Bonds

Life Insurance

THURSDAY, JANUARY 29, 1942



FIRE • MARINE • CASUALTY • SURETY

Great American Group of Insurance Companies New York

NEW YORK • CHICAGO • MONTREAL • SAN FRANCISCO

AGENTS EVERYWHERE

GREAT AMERICAN INSURANCE COMPANY

NEW YORK, N. Y. • Incorporated 1872

GREAT AMERICAN INDEMNITY COMPANY

NEW YORK, N. Y. • Incorporated 1926

AMERICAN ALLIANCE INSURANCE COMPANY

NEW YORK, N. Y. • Incorporated 1897

ROCHESTER AMERICAN INSURANCE COMPANY

NEW YORK, N. Y. • Incorporated 1928

DETROIT FIRE & MARINE INSURANCE COMPANY

DETROIT, MICH. • Incorporated 1866

MASSACHUSETTS FIRE & MARINE INSURANCE COMPANY

BOSTON, MASS. • Incorporated 1910

THE NORTH CAROLINA HOME INSURANCE COMPANY

RALEIGH, N. C. • Incorporated 1868

COUNTY FIRE INSURANCE COMPANY OF PHILADELPHIA

PHILADELPHIA, PA. • Incorporated 1832

THE AMERICAN NATIONAL FIRE INSURANCE COMPANY

COLUMBUS, O. • Incorporated 1914

DIRECTORS GREAT AMERICAN INSURANCE COMPANY

DANIEL R. ACKERMAN... New York City
Vice-President and Secretary, Great American Insurance Company

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Chairman of the Board, American Sugar Refining Company

H. DONALD CAMPBELL... New York City
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ARTHUR O. CHOATE... New York City
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ALEXANDER R. PHILLIPS... New York City
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WILLIAM H. KOOP... New York City
President, Great American Insurance Company and Affiliated Companies

JESSE S. PHILLIPS... New York City
Vice-President, Great American Insurance Company. Formerly Superintendent of Insurance of New York

HOWARD C. SMITH... New York City
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MAURICE J. SULLIVAN... New York City
President, American Can Company

ROY B. WHITE... Baltimore, Md.
President, The Baltimore & Ohio Railroad Co.

GARRARD B. WINSTON... New York City
Shearman & Sterling, Attorneys

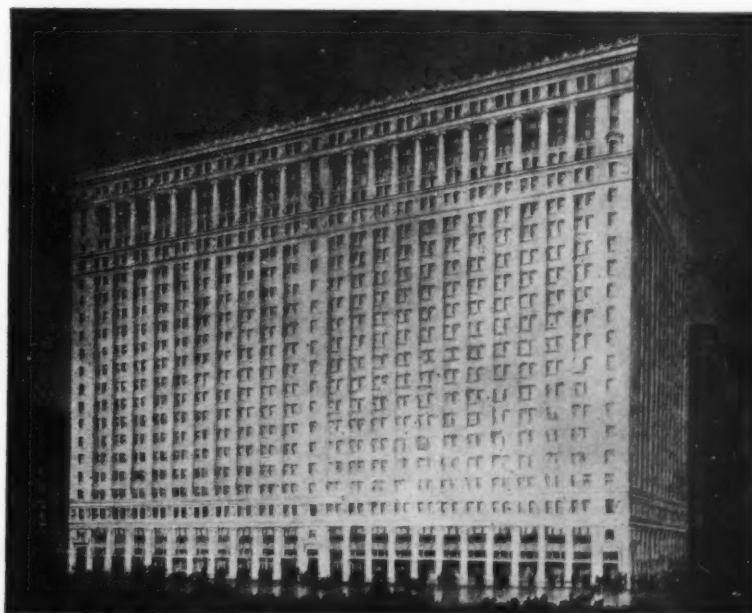
10 Reasons why you should locate your insurance business in the Insurance Exchange Building

- 1 The Insurance Exchange Building is devoted exclusively to the special requirements of the insurance business.
- 2 It is the insurance capitol of the Middle West.
- 3 It is a nationally known insurance address which works for you in hundreds of ways every day.
- 4 Here is the greatest centralization of all insurance activities under one roof.
- 5 It is the recognized headquarters for agents, brokers and company officials, locally and nationally.
- 6 It is centrally located in the heart of Chicago's financial district—saves you time and energy.
- 7 It represents the greatest concentration of insurance dollars in metropolitan Chicago and the middle west.
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A CITY OF SURETY

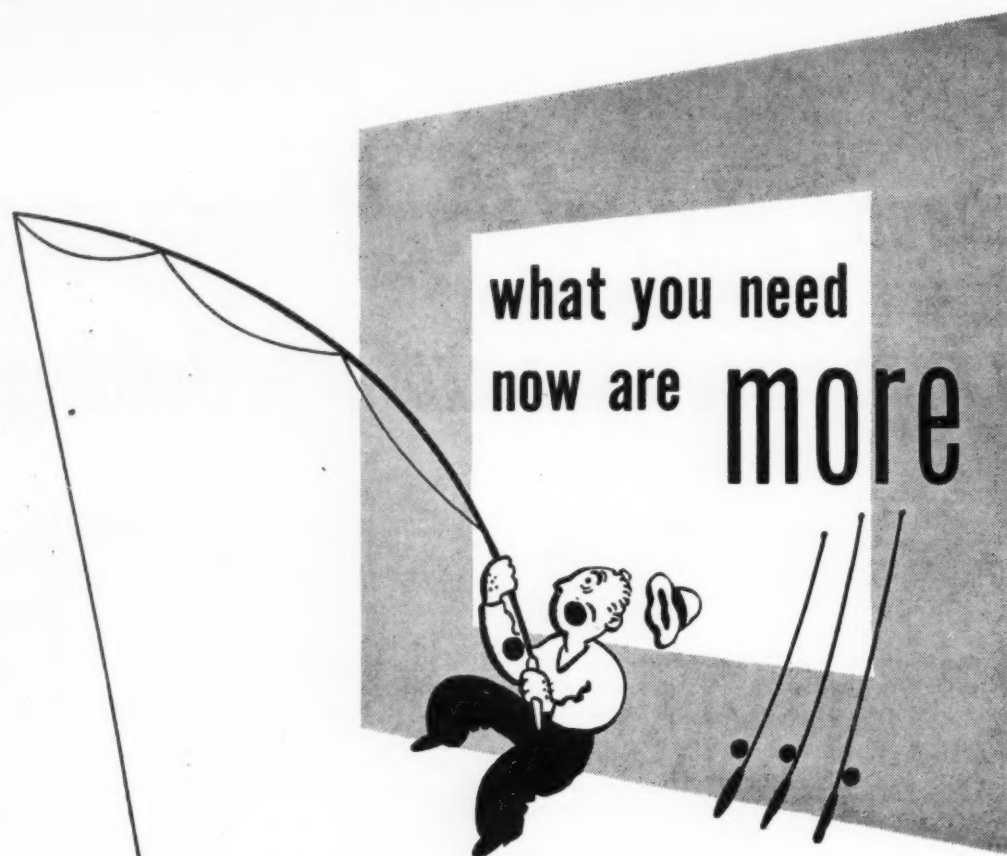
Our many years' experience in the satisfactory handling of insurance office space is available to you. Let us show you how the address 175 WEST JACKSON BOULEVARD can actually mean "dollars to you."

R. C. SWANSON, Manager



Insurance Exchange Building

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Agents specializing in automobile insurance aren't *quite* as badly off as the fisherman in the picture, but hundreds of the smartest automobile producers throughout the country are moving quickly now to get a better *spread* of business in the foundations of their agencies.

If you want a live connection with a multiple-line company, find out about the American Motorists franchise in your community. Just write on your letterhead, today.

lines...

American Motorists is the company you want for this purpose, because:

- 1 It has always paid its policyholders substantial dividend savings. (These savings mean real help to you at renewal time.)
- 2 It offers, (in addition to Automobile), Boiler and Machinery, Compensation, Public Liability, Personal Accident, Burglary, Plate Glass, and Fidelity and Surety Bonds.
- 3 It has had plenty of *experience* in handling these lines.
- 4 It provides Safety Engineering and Claim service on these lines that gets *results* and helps *you* get and hold the business.
- 5 It is a multiple-line company with automobile history, in full sympathy with the automobile producer's problems and able to help him as it has helped hundreds of others.



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The NATIONAL UNDERWRITER

Forty-sixth Year—No. 5

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JANUARY 29, 1942

\$4.00 Year, 20 Cents a Copy

Diemand Gives Warning as to North America's Policy

Prepared to Reduce Rates Where Commission Situ- ation Is Unsatisfactory

PHILADELPHIA—Voicing his conclusion that "the policyholders' interests are being adversely affected by competitive abuses, arbitrary rulings of company-controlled regulatory bodies and onerous state regulations," John A. Diemand, president of the North America, called upon the insurance industry to revise "time-worn policies and practices" to the end that "the insuring public may enjoy in these difficult times, an even greater degree of service and protection than it has in the past."

Mr. Diemand spoke at a dinner inaugurating the 150th anniversary year of the North America, at which the principal guests were insurance commissioners from the 15 states which comprised the Union when the North America was founded in 1792. Another speaker was Benjamin Rush, chairman, who reviewed highlights in the company's history.

Mr. Diemand emphasized that because insurance is more important in wartime than in peacetime, and because industry and the individual are burdened with mounting taxes and overhead, "we have an immediate responsibility to improve our product and eliminate every item of unnecessary cost."

Doubtful Arrangements

He referred to the "added cost of doing business by virtue of excess commissions and allowances, and other doubtful arrangements which serve as a magnet to draw premiums from one company to another" and spoke of "our inability to serve the needs of the policyholder through want of a coordinated, uniform and broad outlook by company-controlled regulatory bodies and little freedom in rate-making and contractual dealing with individual risks, because of state supervision."

"If anyone reviews and approves of the number and character of company-made regulatory bodies under which the fire insurance business operates, let him forever hold his peace with respect to bureaucratic control of the business of government," said Mr. Diemand.

"These company-controlled bodies should not only be decreased in number, but their functions should be greatly changed. Those that remain should be coordinated so that their activities should be national and not local, or sectional."

Offers Four-Point Program

Mr. Diemand offered for consideration four specific suggestions: First, take down the bars of company-made regulation and restriction; second, write new business without expiration dates, poli-

(CONTINUED ON PAGE 30)

U. S. War Cover Is Discussed

Jesse Jones Gives Views at Hearing of Senate Subcommittee

WASHINGTON—At the hearing Tuesday on Senator Wagner's bill to create a \$1,000,000,000 fund for the War Insurance Corporation, held by the senate subcommittee on banking and currency, Jesse Jones, federal loan administrator, stated that the Reconstruction Finance Corporation had no definite program for operation of the W. I. C. However, he said, officers of the R. F. C. have been in conference with insurance company executives and he has talked personally with the President on the matter of protection of property on land against war risks.

Immediate enactment of the legislation was urged upon the committee by Mr. Jones. He said the need for such insurance is urgent, particularly since private insurance companies have indicated they could not afford to enter this field.

He told the committee that the W. I. C., set up by the R. F. C. early in December, already has issued over-all coverage to all citizens in the United States, Alaska, Hawaii, Puerto Rico and the Virgin and Philippine Islands on civilian property losses by bombing or other enemy attacks.

The December announcement of an offer of "reasonable coverage" on property losses, Mr. Jones explained, is in effect a blanket insurance policy.

Mr. Jones indicated he is inclined to be against a premium charge for the protection. He said he thought the W. I. C. shouldn't pay the full amount of property damage in case of loss, but some percentage of the damage.

The method of procedure most favored by R. F. C. officials, Mr. Jones disclosed, would be to establish coverage up to some specified amount, without charge to citizens, but providing for insurance above the fixed figure at a reasonable rate.

One senator indicated by his remarks that he thought some form of premium should be charged for the protection. He pointed out that a soldier must pay a premium on protection under the government's life insurance program, and he wondered why the property owner shouldn't be required to pay a premium for protection against war hazards.

May Use Insurance Adjusters

Where losses are incurred, insurance adjusters of private companies will be employed by the government to make the adjustments. However, he said the exact basis on which claims will be settled has not yet been worked out.

A question was raised as to compensation for personal injury from war risks, but Mr. Jones did not comment on this.

Members of the committee questioned Mr. Jones as to whether the losses in the Philippines have not already used up the original \$100,000,000 set aside for the War Insurance Corporation. The

(CONTINUED ON PAGE 37)

Order Witnesses to Missouri

State Court Sustains McKittrick Motion; Resume Hearings March 16

JEFFERSON CITY, MO.—The Missouri supreme court has sustained Attorney-general McKittrick's motion asking the court to compel 11 insurance company and bureau officials of Chicago to come to Missouri to testify in his ouster suit against 123 fire companies. Hearings before Commissioner Windsor will be resumed here March 16.

Witnesses whose appearance McKittrick asked for in the motion are: R. D. Hobbs, manager Western Actuarial Bureau; H. L. Grider, manager Western Factory Insurance Association; George N. Porter, manager Western Sprinkled Risk Association, and Charles F. Thomas, manager Western Underwriters Association, whom McKittrick characterized as "agents" of the insurance companies in his motion. These men are not respondents in the suit.

Other Witnesses Called

Also S. M. Buck, vice-president Great American and former president Western Underwriters Association; E. A. Henne, vice-president America Fore and chairman Subscribers Actuarial Committee; J. C. Harding, vice-president Springfield Fire & Marine and chairman Western Underwriters Association governing committee; H. A. Clark, vice-president Firemen's and president Western Insurance Bureau; C. H. Smith, associate western manager Hartford Fire and president Western Underwriters Association; W. P. Robertson, resident vice-president of North America, who now is on the Pacific Coast for that company; and George H. Bell, retired western manager National Fire.

Fred L. Williams, attorney for the insurance companies, in arguing the motion before the supreme court, termed the McKittrick hearings so far as a "fishing expedition." Only four witnesses were heard in 60 days in the hearings in Chicago, he said. It is impossible to tell what turn the hearings will take next.

Insurance Officials Busy

Mr. Williams also pointed out to the court that the executives named by McKittrick were extremely busy, particularly at this time of year, and that they did not feel that the extra time taken to go to Missouri was justified. He said the executives were also concerned with the defense program.

In arguing for the motion, Robert L. Hyder, assistant attorney-general, said that the state's legal business was more important than the business of individual corporations. He said that the defense activities of the executives are largely "anticipated." The court's duty to compel witnesses to appear is mandatory, he said, although Mr. Williams pointed out that the supreme court has ruled in the past that this duty is discretionary with the court.

N. A. I. A. Mid-year Rally Set for N. Y.; Economy to Prevail

Eliminate Side Shows— Emphasize Defense Sub- jects—Dates April 13-15

NEW YORK—The National Association of Insurance Agents will hold a modified midyear meeting in New York in the second week of April, "in strict conformity with the national interest in war time" it is announced. The meeting will be devoted entirely to the study of major business problems with particular emphasis on the role of insurance in the prosecution of the war, and all the usual entertainment and social features will be eliminated.

The decision was arrived at by the officers and executive committeemen after long deliberation. Original plans to hold the 1942 mid-year meeting in Augusta, Ga., were canceled in December when the headquarters hotel found itself unable to accommodate both the National association and officer personnel of the army, which is building a huge cantonment in that vicinity.

Registration Fee; Excess to Red Cross

The meeting will be economically conducted and individual delegates are urged to observe restraint in the matter of expenses. A \$10 registration fee will be charged and after deducting the meeting expenses, the remainder will be donated to the Red Cross. It is hoped that the meeting will be a full day shorter than usual.

There will be an executive committee meeting Monday morning, April 13. The general convention sessions would begin Tuesday morning, continuing that afternoon, Wednesday morning and afternoon, at which time adjournment would be in order. Then the executive committee would reconvene, with provision that its meetings will be continued over Thursday if necessary.

There will be a convention dinner Tuesday for all registered attendants, at which a nationally known speaker will address the assemblage on a defense subject.

The program will deal dominantly with defense and is expected to be of intense value to agents confronted with new problems peculiar to the war effort and war economy.

Many Enter National Board Contest

Entries for the newspaper and radio gold medal competition inaugurated by the National Board have been received from about 11,000 daily papers and more than 800 radio stations. The awards will be for the most meritorious service in connection with fire prevention publicity in 1941. Entries will close Feb. 15. The medals will have a monetary value of \$500 each.

Upward Loss Trend in 1941

Western Adjustment's Report Reflects Big Increases in Windstorm and Auto Operations

The annual report of Western Adjustment & Inspection Co. was presented at the annual meeting of stockholders in Chicago this week. This is always an interesting document, reflecting as it does the general loss and other trends in the business in the middle west.

Among the significant points in the 1941 report are the large increases in windstorm and automobile losses, the larger and more important losses in many types of risks, the growing number of use and occupancy losses and the increasing difficulty of adjusting them because of the war situation, and a substantial growth in both inland and aviation losses. Total losses were 406,690, compared with 297,382, up 35 percent.

Reelect Officers

All officers of the company were re-elected: J. C. Harding, vice-president of Springfield F. & M., president; E. A. Henne, vice-president America Fore, vice-president, and Roy A. Sellery, secretary-treasurer. The following directors whose terms had expired were re-elected: W. N. Achenbach, Aetna Fire; L. R. Hanawalt, National Fire; C. A. Dossall, St Paul Fire & Marine; C. E. Wheeler, Hartford Fire; C. W. Ohlsen, Sun; F. E. Potter, Home, and E. D. Lawson, Fireman's Fund. Stockton Rush, North America, was elected a director to succeed W. P. Robertson, who is now on the Pacific Coast for North America.

A breakdown of 1941 losses shows 87,165 fire losses against 86,501 in 1940; 159,597 automobile losses compared with 111,353; 144,971 windstorm, against 87,083; 14,257 inland marine, against 12,243, and 707 aircraft, against 202.

The general experience of companies in 1941 reflected a substantial increase in windstorm losses and this is borne out by the Western Adjustment's figures. The increase for 1941 for Western Adjustment is substantial, even though the figures shown in the report for 1941, 144,971, include about 35,000 carryovers from the big windstorm of Nov. 11, 1940.

Year of Constant Windstorms

At the outset of 1941 the company offices were still struggling with the backlog of work provided by the Armistice Day storm of the preceding year, the Western Adjustment report points out. No sooner had this been gotten in hand when, early in April, hail and windstorms commenced and scarcely ceased during the balance of the year. Storm followed storm almost without interruption in nearly every midwestern state in rapid succession. While most of these storms were local in character, they were frequently violent and sent wind and hail claims to new high levels. The single exception was the general storm of Sept. 25, which originated in the Gulf of Mexico, drove across Kentucky, Indiana, southern Michigan and Ohio at 74 miles per hour, and produced some 25,000 losses. As a parting gesture, at the close of the year, a severe hailstorm in southern Kansas furnished nearly 1,500 claims.

Fire Losses Were Up

Fire losses increased in frequency and size, while automobile claims reached an all time high. Losses in excess of \$50,000 again rose slightly, but due to the large volume of windstorm and hail losses the percentage of all losses less than \$1,000 remained close to the average, which is approximately 87 percent.

Larger and more important losses occurred in many types of risks. Per-

haps coal mines, both strip and shaft, were most dominant. They supplied four losses on which the property damage and use and occupancy totaled \$540,000. Pottery and clay workers sustained three losses aggregating \$530,000. Public schools furnished four losses amounting to \$188,000.

Metal workers came to the front with four serious fires which ran close to



ROY A. SELLERY

a million dollars. One of these, an aluminum foundry engaged in defense work, was the largest single loss of the year, the net property claims exceeding \$600,000, with a heavy U. & O. claim still in process.

The grain business had one bad fire amounting to \$242,000. Textile, leather and kindred plants suffered four losses, which ran close to \$315,000. Warehouses and terminals produced two losses amounting to \$240,000. One palatial dwelling fire developed a claim of close to \$220,000.

Losses Under Special Covers

In addition there were large losses in mercantile establishments, railway property, office buildings, and various other retail operations, together with a number of serious and complicated losses under U. & O. and other special and uncommon forms.

Strangely enough the number of losses under these special coverages did not particularly increase, the report

(CONTINUED ON PAGE 13)

May Suspend Rates and Rules in Two Canadian Provinces

Following the resignation of the North America from the Dominion Board of Insurance Underwriters which automatically terminates its membership in the Canadian Underwriters Association, the council of the latter organization at a meeting in Toronto adopted a resolution as follows:

"That a special general meeting be called to consider the following resolution: That the rates and rules in the Canadian Underwriters Association territory be suspended." The termination of the North America's membership becomes effective Feb. 18.

If the membership of the C. U. A. adopts the proposed resolution, it will undoubtedly precipitate a spirited battle in Ontario and Quebec. The council of the C. U. A. apparently came to the conclusion that operation of such an important organization as the North America on a non-board basis would expose the board companies to severe competition and that the radical counter measure of withdrawing rate and rule supervision is indicated.

It has been intimated that the North America might issue in Canada excess of loss covers and policies with deductibles, at substantially lower rates.

This fight is likely to bring very much into the open the smoldering issues arising from non-board competition in Ontario and Quebec. The non-board companies have been increasing their ratio of business written considerably and have either cut below the board rates or have paid higher than board commissions.

Date Set for Meeting of Commissioners Next June in Denver

It has been decided to hold the National Association of Insurance Commissioners meeting June 8-10 in Denver. The Cosmopolitan Hotel will be the official headquarters. W. Lee Baldwin, president of the Security Life & Accident of Denver, is chairman of the general committee in charge of local arrangements with Commissioner L. J. Kavanaugh as honorary chairman.

Because of the war situation Commissioner Kavanaugh declares that this meeting should be one of utmost importance. He hopes to have a large attendance in order that the commissioners and those in the insurance business may cooperate in every possible way to solve the extraordinary problems which are confronting the insurance industry.

Mays Tells Agents Effect of the War Economy on Them

Director of B. D. O. Speaks Before Insurance Men of Newark

NEWARK—M. W. Mays of New York City, director of the Business Development Office, spoke before the Essex county agents Tuesday, devoting his attention to agents in a war time economy. He said that the war situation is not a picnic for anyone because business will be more or less disrupted and income disappointing. He said that to resign oneself to necessary inconveniences and discomforts without any attempt to adjust activities to new conditions is not a wise procedure.

Mr. Mays inquired as to what will be the effect of the huge tax burden on the agents. It is expected that the new federal taxes alone will consume about 30 percent of the national income and the various state and local taxes will take another 10 or 40 percent in all. Mr. Mays said the public will have only 60 cents and probably less out of each dollar of income to spend for things desired and needed. Nothing the agents can do, he said, will put more money into the pockets of their customers. Insurance men, he said, should prepare to tighten their belts because they will feel the effect of this higher tax load and decreasing premiums.

Premiums Will Decrease

This higher tax load, he predicted, will result in decreased premiums. First, there will be a shrinkage of premiums due to the dislocation and suspension of business operations. Private housing, for example, is reported to have come virtually to a standstill. Other businesses finding it impossible to obtain usual stock and merchandise will have their inventories reduced sharply. Stoppage in the production of new automobiles while it will result in some reduction in fire, comprehensive and collision premiums probably will not cause as serious a shrinkage in premium volume of agents as might first be supposed. The anticipated decline in automobile liability premiums probably will be a damaging blow to many agents. It has been estimated by the end of next summer there will be approximately 2,000,000 automobiles laid up as a result of tire shortage.

Ocean Marine Business

Ocean marine premiums have never counted for a large percentage of income of agents. However, the virtual elimination of ocean commerce outside of this hemisphere will have an effect on those who have derived part of their premiums from this type of insurance. The stoppage of building of pleasure craft and the taking over of many privately owned boats by the navy will also dip into the premiums. The building of airplanes for private use is stopped so that civil aviation has virtually ceased.

Mr. Mays said that a careful analysis of an agent's own operations will reveal to him what he might reasonably expect on the basis of human conditions. Thus now the country is going through a period of war time prosperity. It is false prosperity to be sure and inflationary as well but the practical effect is that there are more dollars in circulation. More people are employed, wages are rising, prices are increasing and sales are at record breaking levels in those busi-

(CONTINUED ON PAGE 11)

THIS WEEK IN INSURANCE

John A. Diemand, president of the North America, in addressing its 150th anniversary banquet, gives a warning as to the fixed policy of the North America in connection with rates and commissions. **Page 3**

Details of operation of War Insurance Corporation are discussed before Senate subcommittee. **Page 3**

Missouri supreme court sustains Attorney-general McKittick's motion requiring fire company officials to go to Missouri, to testify in his ouster suit against the companies. **Page 3**

Decision is reached to hold the mid-year meeting of the National Association of Insurance Agents in New York, April 13-15 on an economical basis. **Page 3**

Chicago Board is reconstituted as trade organization, and the board relinquishes its rating and engineering functions. **Page 5**

Annual report of Western Adjustment shows a substantial increase in losses in 1941, particularly on windstorm and automobile. **Page 4**

Marine war risk rates are increased in view of tanker losses in U. S. waters. **Page 5**

M. W. Mays, director Business Development Office, gives his opinion as to effect of war time economy on insurance agents. **Page 4**

National Association of Accident & Health Underwriters holds mid-year meeting in Kansas City. **Page 19**

Problems created by war in accident-health field discussed by Health & Accident Underwriters Conference. **Page 19**

Interest is taken on various rulings from time to time by the Texas attorney-general's department on the right of public bodies to pay for insurance out of public money. **Page 22**

Personnel problem is especially acute in the home offices at Hartford because of the fact that enormously expanded war industries are located there. **Page 21**

United States comptroller general gives an opinion to the effect that a contractor is liable under the terms of his contract despite the fact that he is embarrassed by priorities and by rush of war orders. **Page 19**

Receiver's levy of an assessment against policyholders of Central Mutual of Chicago is upheld by Illinois appellate court. **Page 21**

Chicago Board Relinquishes Rating Function

**Continues as Trade Group:
Parker Named Manager:
Officers Reelected**

The rating and engineering functions of the Chicago Board are being relinquished, and the board will continue as a trade association. This was the only remaining board in the country in which agents had a voice with companies in rate making.

The recasting of the board, the sub-



ROBERT A. PARKER

ject of intensive study and discussion for some weeks, was effected by board members last week when they voted on resolutions and changes in the constitution and by-laws. Practically all of the points in the reorganization plan were approved.

Two important matters which met with considerable opposition on their proposal were put aside for further study and action within 90 days. These were limitation of class 1 agencies from four to three, the rule to become binding on the companies Aug. 1, 1942, and the so-called 80-20 rule, providing that 80 percent of the business of a class 1 agent should come from brokers and suburban agents.

Brokers Given Voice

Another change provides for the creation of two committees, one for suburban agents and one for brokers, the chairmen and vice-chairmen of which shall sit with the board of directors and have a voice, but no vote, in the affairs of the board. Heretofore the brokers and suburban agents have had no representation, and this has been one of the points of controversy between the brokers and the board for years. The creation of this representation is regarded as a constructive step, and as time goes on brokers and suburban agents undoubtedly will receive further recognition. The original proposal was to have one member from each classification, but this was increased to two.

The new constitution and by-laws strengthens the board's position as a trade organization in some particulars and also clarifies it.

Robert A. Parker, who has been acting manager of the board since December, 1940, was elected manager.

(CONTINUED ON PAGE 39)

Cash Discounts Held Deductible in Loss Settlement on Stock North America at 150-Year Mark

Sesquicentennial Serves to Recall Historical Lore and Association of Company with National Growth

MADISON—The Wisconsin supreme court here held this week that available cash discounts are deductible in determining the liability of an insurance company for loss to a stock of merchandise. Observers were surprised to learn that this is the first time a court of last resort has considered this important question.

Wisco Hardware Company of Madison suffered a fire loss to stock and fixtures, which was insured by Hardware Dealers Mutual. The replacement cost of the stock was agreed to be \$150,666, while the cash discount obtainable was agreed as \$2,112. Hardware Dealers Mutual paid its share of the loss, minus the discount, and the assured sued in the Dane county circuit court for the balance.

Circuit Judge Reis dismissed the suit, holding that an insurance company is liable for the actual cost of replacement of stock and not for money which the assured would not have to spend to obtain the stock. On appeal, the state supreme court upheld this, Justice Rosenberry pointing out that this view clearly conforms to the conditions of the standard fire policy.

Herbert W. Hirsh of the Chicago law firm of Clausen, Hirsh & Miller represented Hardware Dealers Mutual.

Rates on Tankers Are Doubled

NEW YORK—Because of sinkings off the U. S. Atlantic coast marine war risk rates for shipments on tankers were doubled this week on coastwise voyages to or from U. S. Atlantic ports and between these ports and U. S. Gulf of Mexico ports, the new rate being 1 percent for tankers and tank barges. For other vessels it was raised from one-half of 1 percent to three-quarters of 1 percent.

For tankers and tank barges the rate was increased from three-quarters of 1 percent to 1 percent for U. S. Atlantic

(CONTINUED ON PAGE 20)

C. D. West Resigns as Eagle Fire of N. J. Official

NEW YORK—C. D. West, vice-president of Eagle Fire of New Jersey with particular charge of its facultative reinsurance department, has resigned. While his future plans have not been determined the expectation is he will make a connection with some other reinsurance company.

The North America, which counts its beginnings from Dec. 10, 1792 when organization was completed, this year is celebrating its sesquicentennial and is accentuating that most significant anniversary in very prominent fashion. North America recalls that the company was "baptized in the aftermath of the Revolutionary War" and has safely passed through every war in the nation's history, and it has been operating during the administration of every president. It has been doing business in three centuries.

First Policies in 1792

Although the legislature of Pennsylvania did not formally grant the North America its charter until 1794, the organization of the company was completed Dec. 10, 1792, with a capital of \$600,000. Five days later, the first policies were issued, on marine risks. North America also wrote short-term life insurance from 1794-1804—"against capture by Algerian pirates or Barbary Corsairs." Thus, North America claims to have been the first stock life insurance



BENJAMIN RUSH

company in the country as well as the first stock fire company.

In 1794, in the war between France and England, attacks and seizures of American ships and cargoes caused large marine losses to North America. Secretary of State Thomas Jefferson advised that these "French Spoilation" claims be thrown into the hands of the govern-



JOHN A. DIEMAND

ment for adjustment. There, many of them still remain.

On the date of the formal granting of its charter, the consideration of fire insurance was taken up, an almost untried venture in this country. The first fire policy issued was \$8,000 on dry goods for three years at 30 cents per \$100 per annum, the total premium \$64, which made a term rate of 2½ annuals. Three months later the directors extended operations by voting to insure "brick or stone houses" within a radius of 10 miles of Philadelphia.

In the year Jefferson became president, the North America then determined "to afford the public an opportunity to make insurances on buildings anywhere in the United States." Risks soon appeared on the books in Pennsylvania, New Jersey, New York, Massachusetts, Delaware, Maryland, Virginia and North and South Carolina.

Names First Agent in 1807

The growth and development of this country in these years brought about opportunities that soon caused the company to consider "agencies." In 1807, the North America claims to have founded what is now known as the American agency system, through appointment of its first commissioned agent at Lexington, Ky.

Early agents received no commissions on premiums but retained policy and survey fees. Later, 5 percent on the premium was allowed.

As the western movement developed agents were established at every important point.

The American minister to England at the time of the promulgation of the Monroe doctrine was Richard Rush, afterwards attorney general of the United States. Richard Rush was the grandfather of Benjamin Rush, the present chairman of North America. He is credited with being the man who conveyed the suggestion of the Monroe doctrine to President Monroe.

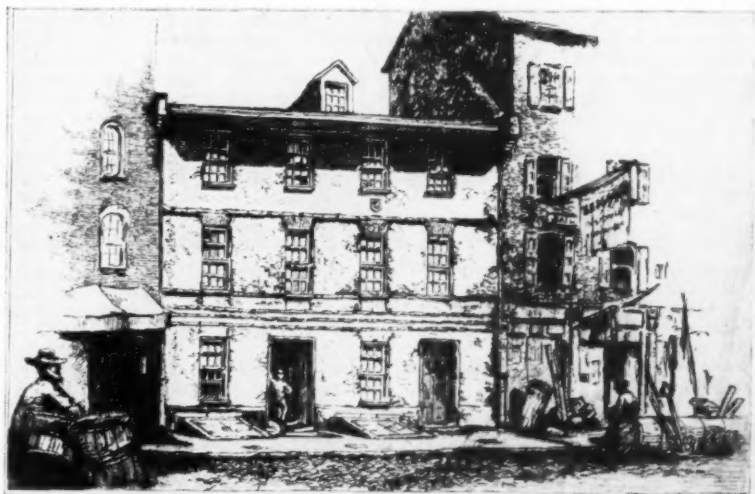
Although the company at this time was developing its marine business, it began to extend its fire insurance activities. Profits on fire insurance were counted upon to pay expenses of the marine business, since marine losses were large, owing to wars and changing conditions.

No Daily Reports Made

Through its rapidly developing agency system, North America policies were being issued wherever mails could reach or agents could travel.

During the period 1842-1862 direct

(CONTINUED ON LAST PAGE)



This was the first office of the Insurance Company of North America, serving as the headquarters from 1792 until 1794.

Union Electric Trial Involves Insurance Features

ST. LOUIS—The story of how Union Electric Company of Missouri handled its insurance business so as to take care of the proper persons politically has been unfolding before Federal Judge Moore here.

The testimony has been given at the trial of Louis H. Egan, former president of the company, and the Union Electric Company itself, on charges of violating the federal holding company act.

Mason Miller, a vice-president of the Lawton-Byrne-Bruner agency, told of turning back to Union Electric between \$87,000 and \$90,000 in cash in connection with various insurance transactions.

The government attorneys contend these insurance refunds were part of a secret political fund of more than \$600,000 out of which the utility made contributions to candidates for public office and to public office holders.

Payments to Lewis, Rollins

Miller testified that in addition to making the cash refunds to the company he sometimes paid money to other persons at the direction of Hermann Spoehrer, then Union Electric Co. secretary. Two persons he named as receiving these cash payments were McMillan Lewis and J. S. Rollins. Mr. Lewis, an insurance broker registered with W. H. Markham & Co., is a former state senator, while Mr. Rollins also was formerly in the senate.

Miller said the payments to Lewis and Rollins were in connection with insurance business. The amount given Lewis was not revealed but the payment to Rollins was given as \$150.

The witness said he had arranged with Chicago agents to write insurance on marine equipment owned by Union Electric at the Lake of the Ozarks, but was told by Spoehrer the commission should be split with Lewis. He said he protested he could not afford to split the commission unless he added a 5 percent "service charge," which was done. His own 5 percent commission was about \$14,000, Mr. Miller testified.

He said Lawton-Byrne-Bruner began writing insurance for Union Electric about 1925. Some five years later he was asked by Spoehrer to set up a special "premium return account" to which any refunds on premiums would be credited. Subsequently he drew on this fund in accordance with directions given by Spoehrer.

Miller and Spoehrer developed a code under which the latter could telephone Lawton-Byrne-Bruner's office for cash payments out of the funds.

Cost of Survey

Testimony was given about a Lawton-Byrne-Bruner bill for \$6,000 to cover a survey made by the agency. Later Miller delivered to Spoehrer this same \$6,000 in amounts ranging from \$1,000 to \$2,000 as requested.

Carl S. Lawton, president and general manager of Lawton-Byrne-Bruner, testified concerning a \$5,000 cash refund from the special premium account which he paid to Spoehrer. Mr. Lawton recalled that F. J. Boehm, former executive vice-president of Union Electric, in the summer of 1939 wanted to know if the agency's books could be fixed so the payments to Union Electric would not appear as they did. Both Lawton and Miller stated they had not discussed the refund method with Egan.

Spoehrer, in his testimony, placed the amount of refunds at \$86,000. He told of paying \$500 from the insurance refunds to Anthony M. Buford, an attorney who formerly was legislative agent for the old Missouri Insurance Council of which Mr. Lawton was the president for several years.

Spoehrer told of paying \$351 each to Otto Dickmann, vice-president Dickmann Real Estate Company and a

Underwriters Laboratories Man Tells How to Cope with Incendiary Bombs

The chief problem in coping with the incendiary bomb is not one of extinguishing the bomb itself but of preventing it from causing serious fires, according to Asa H. Nuckolls, chemical engineer of Underwriters Laboratories, who addressed members of the national defense group of the American Chemical Society in Chicago.

Mr. Nuckolls pointed out that incendiary bombs will start fires in combustible material regardless of what extinguishing methods are used against them. It is important to extinguish the fires that are started by the bomb so that no great damage is done, and to control the bomb until it is no longer a hazard, he pointed out.

Bombs used in air raids to spread fires are made in two, six, 25 and 50 pound sizes. A two pound incendiary is used in largest quantity and presents the main problem for the public. Heavier incendiaries are usually saved for industrial areas.

The common type of fire bomb is made of thermite, a mixture of powdered aluminum and iron oxide, plus a case or shell of magnesium. When dropped from an airplane it usually has sufficient impetus to penetrate the roof of a house. On impact the thermite is ignited and burns violently with a temperature of over 4,000 degrees Fahrenheit.

Creates Intense Heat

"Thermite, burning at a temperature above the melting point of steel, cannot be extinguished," Mr. Nuckolls stated. For about a minute, while the thermite is burning, the intense heat

makes it virtually impossible to approach the bomb. The final product of the reaction between the thermite and the magnesium is molten iron at white heat which rapidly burns through floors even of sheet steel.

Underwriters' Laboratories has determined that incendiary bombs can be controlled with dry or even with slightly moist sand. By putting sand on to the bomb with a long handled shovel the burning is slowed. A good method is to roll the bomb with the shovel on to a bed of sand several inches thick, then cover it with sand until the fire has been completely smothered out. This may take 15 minutes or more. Care should be taken to keep some sand between the shovel and the bomb so that the shovel is not melted.

Use of Extinguishing Process

"In factories and industries where expensive machinery might be endangered by sand, powdered graphite should be used, or better yet, 'G-1' powder, a development of the Dow Chemical Company obtainable from one of the fire extinguisher companies.

"To prevent the spread of fire the area around the bomb should be wet down with water. A water-pump fire extinguisher or garden hose is useful, but care should be taken to prevent a forceful stream of water from hitting the bomb. A hard stream of water would cause the bomb to explode. However, if the water is applied in a fine spray there is practically no danger of explosion although it will cause the magnesium to burn faster."

Minnesota Department Issues Two Rulings

ST. PAUL—Two rulings affecting fire and marine companies were issued this week by Commissioner Johnson of Minnesota, both now in effect. Before Feb. 16, all fire, marine and casualty companies must file a schedule of current rates, other than those requested in a circular issued Jan. 2, addressed to fire companies. Hereafter all changes in and deviations from such rates shall be filed with the department before they become effective. The purpose, Commissioner Johnson explained, is proper enforcement of the laws prohibiting discrimination in premium rates.

The other ruling orders all fire and marine companies to file with the department, on or before Feb. 16, all forms of policies, riders and endorsements now being issued in the state and not already on file. The commissioner said this is necessary for the proper enforcement of a department ruling of Dec. 27, 1934, which he said is not being complied with by all fire and marine companies licensed in the state.

Outstanding policies, riders and endorsements which do not conform to the department ruling of 1934 will be permitted to run to their normal expirations if issued for one year or less and to the next anniversary of the date of issue where the policies, riders and endorsements are written for a term greater than one year.

brother of former mayor Dickmann of St. Louis and George Clayton, Hanibal, Mo., insurance agent, who formerly was a member of the Missouri senate.

Spoehrer said the payment to Buford was made under an agreement made by Boehm and Lawton.

Spoehrer said the payment to Rollins was \$158. Rollins was in the senate when the payment was made in 1938. He also told of contributions from the fund to the St. Louis Republican City Committee before 1935, "when the committee had some authority," and of buying world series tickets in 1934 for "a

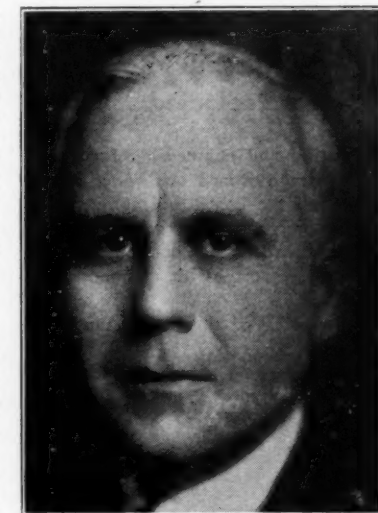
few officeholders and city department heads." He said he gave \$200 in March, 1934, to Charles A. Shaw, then running without opposition for mayor of Clayton.

Miss Dolores Beach, insurance agency cashier, said the amount of premiums refunded between June, 1932, and the end of 1938 was shown by her records to be \$100,756.

What are you doing to keep in contact with your small bread and butter policyholders? The Insurance Buyers' Digest will do the job for you. Write The National Underwriter for sample copy.

I. U. B. Premiums Gained \$2,172,578; Officers Reelected

NEW YORK—All former officers of the Interstate Underwriters Board were reelected at the annual meeting here.



JOHN R. DUMONT

Chairman of the governing committee is Ivan Escott, vice-president Home; vice-chairman, J. K. Hooker, vice-president of Automobile; treasurer, B. M. Culver, president America Fore; secretary-manager, John R. Dumont.

Membership of the governing committee for the year embraces: William F. Dooley, vice-president America Fore; George H. Duxbury, asst. manager, North British; Mr. Escott; Kenneth B. Hatch, vice-president Fire Association; Mr. Hooker; Charles P. Jervey, asst. secretary Travelers Fire; L. C. Lewis, vice-president North America; Ronald R. Martin, U. S. manager Atlas; H. W. Miller, asst. U. S. manager Commercial Union; A. R. Phillips, vice-president Great American; J. M. Waller, vice-president Aetna Fire; F. C. White, vice-president Hartford Fire; H. C. Conick, asst. U. S. manager Royal-Liverpool, chairman executive committee Eastern Underwriters Association; Louis P. Jervey, vice-president America Fore, president South-Eastern Underwriters Association; John C. Harding, vice-president Springfield F. & M., representing Western Underwriters Association; C. D. Lasher, manager of Home, president Pacific Board.

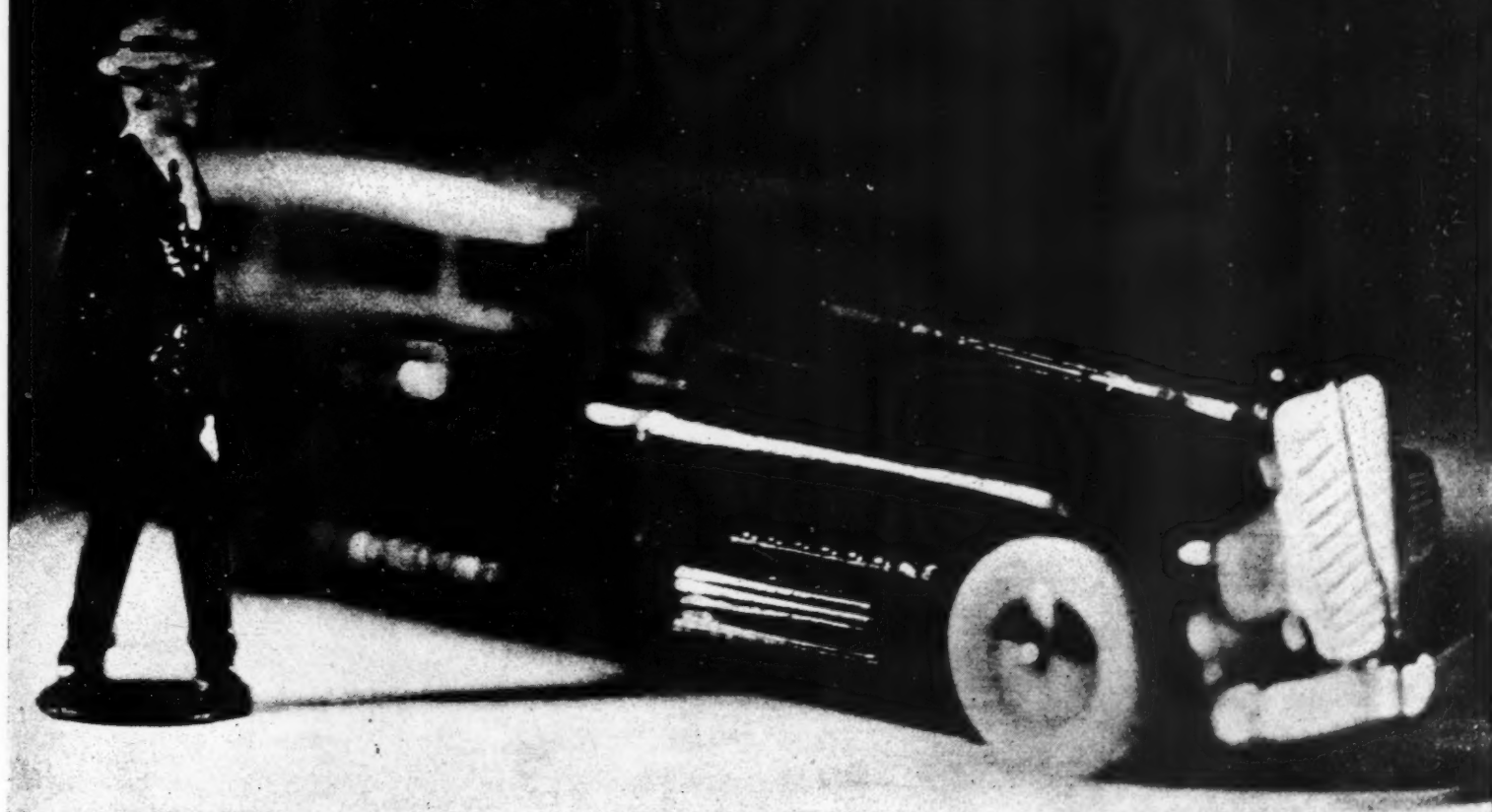
Reports submitted by Chairman Escott and by Manager Dumont showed substantial progress during 1941 with premiums aggregating \$9,998,516, an increase of \$2,172,578 over the 1940 record. The increase was due to an increase in the number of I. U. B. accounts and to substantial advance in values of stocks. For the years 1930-1940, inclusive, the country-wide operations of all companies licensed in New York, produced premiums under reporting forms of \$88,008,663, and losses of \$46,059,618, or 52.34 percent.

Director Jones to Address Illinois Federation

Insurance Director Paul F. Jones of Illinois will be one of the principal speakers at the annual meeting of the Insurance Federation of Illinois Feb. 17 in the Union League Club. John L. Clarkson is program chairman. Director Jones will talk on "An Appraisal of the Insurance Industry."

Mr. Clarkson stated there will be another speaker of national reputation. The committee on arrangements reports plans are being made for a crowd of 350 representing all lines of insurance.

"SELL PROTECTION — NOT POLICIES"



This Is A Man

This Is A Car

Is the Man worth more than the Car?

Oh yes! The Man is worth many, many times the value of the Car!

Suppose the Car gets smashed?

Oh! The Man has insurance for that!

Suppose the man gets smashed too?

Well, he certainly should have Personal Accident Insurance! - - - - But has he?

Perhaps we'd better ask his agent.

Has he?

THE AMERICA FORE INSURANCE AND INDEMNITY GROUP

BERNARD M. CULVER, President

FRANK A. CHRISTENSEN, Vice-President

IN THE FIELD WITH OLD IRONSIDES

by H. J. B.

Let's order something right away, Joe. They got what they call their bar bourbon, is 15 cents a shot or two for a quarter. I always get two at a time. It saves you a nickel, and after you toss off a couple of them, you get so you are feeling pretty good, and brother, I need to be feeling a hell of a lot better than I have been since I got that blast from the brass hat in New York. And the way I am now, Coca-Cola or 7-up or stuff like that just wouldn't do a thing for me. What I'm going to do is, I'm going to read you this letter, and I just want to ask you if you don't think this big smart aleck, he thinks he has such a fancy education, if it wouldn't have been just the same thing if he had come out here and punched me right in the nose, instead of writing this letter. To be honest with you, Joe, I think I would of felt better if he had taken a poke at me. I mean, just listen to this. I'll read the whole thing.

He starts right off says "I have just completed a review of what I suppose you would refer to as the work you did for us in 1941. It has been a melancholy and disheartening ordeal. If the value of the average fire insurance field man has declined to the low level indicated by a study of your case, then the situation is truly appalling.

"Why, for instance, do you persist in the belief, as you did all of last year, that barbers, undertakers, garage mechanics, soda fountain clerks, mailmen, and proprietors of delicatessen stores, gas stations and bowling alleys are the only ones to be selected by you for appointment as agents of the Old Ironsides Fire & Marine? Is there some reason, which you have concealed from me until now, why you do not want to try the experiment of making just one appointment a year in a good representative, insurance office, managed by a man who has had at least one full day of experience in the fire insurance business? I know it would be a distinct novelty to you, but are you not willing to try it just once in 1942, and preferably this month or next, unless, of course, your sense of receptivity to new ideas has not become completely atrophied?"

* * *

Well, Joe, that gives you the idea. No use in me reading the whole thing to you. He has a lot more here, and it gets worse the longer it goes. Whether it's a letter or if you're talking to him, he keeps reminding you he's a college man. He always wears that alma mater key, or whatever you call it, on the front of his big, fat stomach. But college man or no college man, he's got no license to go around talking and even putting it right in a letter black on white where it says I am atrophied. If I am, all I got to say is that would be news to a lot of different people.

* * *

Every once in a while you will hear some dummy who has got himself in a fierce jam will say, "What would Roosevelt or Churchill do if they was in my shoes?" What kind of talk is that, Joe? F.D.R. and Churchill are O.K. in their place, but if you are in the fire insurance business you should figure, "What would Bernie Culver, or Jack Diemand, or Bill Frink. I mean top flight boys, what would they do if it was up to them?" I was doing a little figuring along these lines the other day when I happen to see those poems that those two insurance commissioners Chris Gough of New Jersey and Johnny Holmes of Montana wrote to each other. My angle is they are a couple of smart boys with plenty experience and if they are ripping off

these poems to each other instead of having a knock down drag out fight, then that is good enough for me, and it must be the way you should do. So what I am going to do with that smarty pants of mine in New York, that big Yale, Harvard and Princeton man, is I am going to send him this poem I have written. I got it doped out that when he gets it he will be so baffled or stupefied or something he won't know what to do, and that will end the argument. Well, here it is, Joe, I'll read it to you:

Cooperation is the Flower of Civilization

In fourteen hundred and ninety-two Columbus sailed the ocean blue
In nineteen hundred and forty-two I'm going to have my best year with you

And in nineteen hundred and forty-three

We will all celebrate the U. S. victory
I'm plugging for you night and day
In a very successful sort of way
I'm loyal and patriotic and my salary isn't high

And whatever way you figure it, I'm really getting by
Don't worry if some of the boys I appoint

Are what you call part-timers
They're high grade and making a good living

Not just a bunch of nickel and dimers
Let's not argue if some smart boy I appoint

Is on the side maybe a barber
Let's have unity and work together on all the big things
And don't forget Pearl Harbor.

Camden Fire Old-Timers Attend Staff Reunion

A reunion of 150 present and former employees of Camden Fire was held in Camden, N. J. Archibald Kemp, vice-president, and W. B. Rearden, executive vice-president of Loyalty group, were among ex-employees of Camden who participated, both speaking briefly. H. O. Huth, vice-president of Camden responded.

Participation was limited to those who worked at Camden Fire previous to 1926. Among these were the first office boy, N. B. Stinson, now associated with Corroon & Reynolds, and the second office boy, Rollin Jennings, now an agent at Blackwood, N. J. Miss Emily Harris, former chief accountant, retired, also spoke.

Millwood Truscott, retired assistant secretary and brother of the late J. L. Truscott, who is now nearing his 81st year, told of his start in the insurance business after coming to this country from England in 1876. C. W. Smitheman, substituting for President W. T. Read, who was unable to attend because of illness, was toastmaster.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Jan. 26, 1942.

	Par	Div.	Bid	Asked
Aetna Cas.	10	5.00*	123	127
Aetna Fire	10	1.80*	55	57
Aetna Life	10	1.40*	26	27 1/2
Amer. Alliance ..	10	1.20*	22	23 1/2
Amer. Equitable ..	5	1.00	18	19 1/2
Amer. Home	10	...	5 1/2	6 1/2
Amer. (N. J.) ..	2.50	.60*	13	14
Amer. Surety	25	2.50	45	47
Automobile	10	1.40*	36	38
Balt. Amer.	2.50	4.00*	7	7 1/2
Boston Fire	100	21.00*	590	620
Camden Fire	5	1.00	21	22
Carolina	10	1.40*	26	28
Contl. Cas.	5	1.50*	30 1/2	32
Contl. N. Y.	2.50	2.20*	40	42
Fidelity-Phen.	2.50	2.20*	38 1/2	40
Fire Assn.	10	2.50*	64 1/2	66
Firemen's (N. J.) ..	5	1.40*	9	10
Franklin Fire	5	1.40*	27	28 1/2
Gen. Reinsur.	5	1.20*	24	27
Glens Falls	5	1.60	42	44
Globe & Repub.	5	1.20*	9	10
Gt. Amer. Fire.	5	1.50*	26	27
Gt. Amer. Ind.	1	1.20	9 1/2	10 1/2
Hallifax	10	1.00**	10 1/2	11 1/2
Hanover Fire	10	1.20	26	26 1/2
Hartford Fire	10	2.50*	88	91
Home Fire Sec.	10	5.00*	157	164
Home (N. Y.) A.	5	1.60*	23	30
Ins. Co. of N. A.	10	3.00*	75	77
Maryland Cas.	1	...	2 1/2	3
Mass. Bonding.	12.50	3.50	58	60
Mer. (N. Y.) Com.	5	2.00*	47	50
Natl. Cas.	10	1.00	23	25
Natl. Fire	10	2.00	58	60
Natl. Liberty	2	.40	7 1/2	8
Natl. Un. Fire.	20	5.00*	19	20
New Amst. Cas.	10	1.80*	44	46
New Hampshire	10	1.80*	95	99
Northern (N. Y.) ..	12.50	5.00*	23 1/2	25
North River	2.50	1.00	86	89
Phoenix, Conn.	10	3.00*	15	16
Preferred Accl.	5	1.00	32	34
Prov. Wash.	10	1.40*	268	275
St. Paul F. & M.	62.50	10.00*	39	41
Security, Conn.	10	1.40	118	122
Sprgfd. F. & M.	25	4.75*	50	52
Standard Accl.	10	2.50	360	375
Travelers	100	16.00	46	48
U. S. Fire	4	2.00	24	25
U. S. F. & G.	2	1.25*

*Includes extras.
**Canadian funds.

Dr. Agger Is Confirmed as N. J. Commissioner

TRENTON, N. J.—The New Jersey senate confirmed the appointment of Dr. Eugene E. Agger as insurance commissioner. He succeeds Louis A. Reilly, who has been a hold-over for a number of months.

The new commissioner has had a varied career of public service. During the first world war he was assistant director of the division of analysis and research of the Federal Reserve Board. He has been a lecturer in the American Institute of Banking, assistant to the president of the National City Bank of New York, and many public service bodies. He is Rutgers University economist at New Brunswick, N. J., and he will not sever his connections with that institution while commissioner.

Northern, N. Y., Pays Extra

In addition to the regular dividend of \$1.50 per share, Northern of New York will pay a special of \$1 Feb. 16 to stockholders of record Feb. 6.

Edward B. Bever has been elected secretary of the Colorado Springs Insurance Board to succeed Miss Kalander. There are 13 other members.

Mutual Companies' 1941 Figures

	Adm. Assets	Unearned Prens.	Net Surplus	Cash Income	Net Losses Paid	Total Cash Income	Total Disb.
Campbellsport Mutual	66,035	13,352	46,961	36,794	5,153
Farmers Mut. Reins...	2,511,047	1,014,863	984,537	733,825	216,453	784,516	572,175
Indiana Lumb. Mut...	4,156,362	1,880,872	1,948,235	2,438,373	955,409	2,726,169	2,441,815
Kewaskum Mut., Wis.	172,473	36,861	134,317	39,092	14,082	44,077	39,676
LeMars Mutual	282,842	65,410	179,948	180,125	75,935	184,133	157,048
Lititz Mutual	369,678	239,537	618,718	540,827	126,206	361,718	294,122
Millers Mut., Ill.	3,698,383	1,509,105	1,850,233	2,009,699	658,968	2,092,820	1,843,354
Minn. Farmers Mut.	1,367,266	256,412	1,006,413	942,796	547,309	971,748	946,315
Providence Mut., R. I.	1,569,773	340,773	1,218,290	171,532	63,102	261,630	256,551
Texas Hardware Mut.	192,040	67,921	116,696	116,419	25,704	124,823	104,666
Western Mutual, Ia.	515,610	295,872	151,501	616,565	208,770	683,429	592,379
Retail Lumb. Inter-Ins. Exch.	474,154	161,364	290,389	444,143	96,942	465,264	422,420
United Retail Merch. Under.	57,979	11,558	43,705	30,881	10,651	41,137	28,900

*Includes \$193,342 savings returned.
**Includes \$10,385.68 savings returned.

Ohio Agent Loses License for Rebate to Auto Dealer

COLUMBUS — Superintendent Lloyd of Ohio has revoked the agent's license of Howard C. Williams of Cleveland, finding that the payment by him of part of his commission to a finance company-dealer constituted a rebate. Exceptional interest is taken in this case, because the practice of which Mr. Williams was found guilty is one that exists rather extensively throughout the country but which has seldom been challenged as Mr. Lloyd has done. Mr. Lloyd directed that the insurance companies for which Mr. Williams has been licensed as agent, be notified of the order, they being Hanover, Standard Surety & Casualty, Fulton Fire, Massachusetts Bonding and Ohio Casualty. Moreover the casualty and surety solicitors licenses for Charles N. Taft and John H. Williams, both of Shaker Heights, which had been obtained at the instance of Mr. Williams, are revoked. Thirty days after the date of the order, Mr. Lloyd states he will give consideration to the issuance of licenses to Mr. Williams in the event new applications for license are made.

Hearing Held Jan. 9

A hearing was held Jan. 9, and according to the order, Mr. Williams testified about his dealings with DeMooy Motors, Inc. of Cleveland. Edward DeMooy, according to that testimony, had said that he had heard that other finance companies or dealers were getting 25 percent. Mr. DeMooy demurred at giving Mr. Williams the business, according to the testimony, and wanted to know whether Mr. Williams could not increase this amount somewhat. Mr. Williams said that he concluded that in order to get the business he had better offer 27 1/2 percent of the 35 percent that he was allowed by his insurance company and this was the basis upon which the deal was closed.

About 13 months later, Mr. Williams testified that he realized he was not making a satisfactory profit on the business and he went to Mr. DeMooy and sought to reduce the amount that he paid DeMooy to 20 percent. DeMooy demurred to such a reduction and Mr. Williams agreed to pay 25 percent. This arrangement continued until about August, 1941. Mr. Williams testified that since July, 1941, he had paid DeMooy no commission. As a result of the deal Mr. Williams testified that he was able to secure from DeMooy the insurance upon 214 automobiles in which DeMooy Motors, Inc. was named assured and that Edward DeMooy, was given back either 27 1/2 percent or 25 percent of the premiums for such insurance. Mr. Williams testified that he paid Mr. DeMooy personally either by check or cash.

Prizes for Reinsurance Students

NEW YORK—With a view to developing new and original material for the use of future students of reinsurance, the basis of awarding prizes in the reinsurance course given by the Insurance Society of New York has been revised. Instead of an examination each student will write a thesis on some phase of reinsurance to be selected after conferring with the instructor in charge, James A. Cathcart, Jr.

The original basis for awards was that the \$50 offered by P. R. Willemson, vice-president of Sterling Offices, Ltd., was to have been given as \$25 first prize, \$15 second prize and \$10 for the third, standing being based on examination marks. Under the thesis arrangement, the entire \$50 put up by Mr. Willemson will be given as the first award for the best thesis while second prize will be \$25 offered by the Reins Club, a New York City reinsurance organization, while the third prize of \$15 will be given by an anonymous donor.

NEWS OF THE COMPANIES

America Fore Companies Report Big Premium Gains

Exceptional interest is always taken in the annual statements of the America Fore companies, because the reports are always released early in the year and since the companies occupy such a prominent position in the business, their results are frequently indicative of what the business as a whole may show and also because there is probably a wider stock ownership interest among insurance people generally in Continental and Fidelity-Phenix than of any other companies.

Continental reports a premium increase of 18.98 percent while the premiums of Fidelity-Phenix went up by 14.33 percent last year.

Assets of Continental now amount to \$98,946,705, which is an increase of about \$800,000 for the year. Net surplus of Continental amounted to \$59,148,902 as compared with \$63,984,744 a year ago. There is a contingency reserve of \$1,709,420, representing the difference between total values carried in assets and total values based on Dec. 31 market quotations.

Premium reserves increased by \$2,459,750. The net premiums written were \$25,798,966 and earned premiums were \$23,339,216, an increase of 14.33 percent. The losses incurred amounted to \$12,398,840 and expenses \$10,744,165. Investment income was \$4,744,963.

Assets of Fidelity-Phenix amount to \$76,901,767, premium reserve is \$17,226,751, capital \$3,750,000 and net surplus \$46,360,301. The contingency reserve is \$1,601,885. Premiums written were \$19,791,575, premiums earned \$18,578,522, losses \$9,799,649, expenses \$8,046,604 and underwriting profit \$732,268.

Niagara Fire had assets \$24,266,064 and surplus \$14,018,352.

American Eagle had assets \$17,918,691 and surplus \$11,685,618. First American had assets \$4,596,860 and surplus \$2,242,461.

Maryland's assets were \$3,288,350 and surplus \$1,378,012.

Premiums of Automobile Higher by 19% in 1941

Automobile of Hartford reports premiums during 1941 of \$17,019,859, as compared with \$14,257,220 during 1940, or an increase of better than 19 percent. Premiums of the affiliated Standard Fire of Hartford went up from \$2,312,781 to \$2,514,369. The premium reserve of Automobile went up from \$10,512,905 to \$12,219,656. Assets increased from \$28,981,276 to \$31,383,454. Surplus decreased from \$9,258,307 to \$9,108,060. The underwriting profit was \$403,433.

Assets of Standard Fire went up from \$6,163,992 to \$6,331,901 and surplus decreased from \$2,284,224 to \$2,100,664. Underwriting profit was \$51,856. Premium reserve increased from \$2,424,903 to \$2,703,843.

Inter-Ocean Reinsurance

Inter-Ocean Reinsurance in its new annual statement reports assets of \$5,637,509. Premium reserve is \$3,342,034, capital is \$500,000 and net surplus \$1,312,177. On an actual market basis, assets would be increased by about \$6,000 and net surplus by an equal amount.

Centennial Is Now Active

NEW YORK—Launched last October with a capital of \$500,000 and surplus of \$1,025,000, Centennial Insurance Company, wholly owned stock subsidiary of Atlantic Mutual, also of this city, is now establishing agencies in various parts of the country.

Aetna Fire Group Makes Excellent Showing in Report

HARTFORD—Fire premiums of the Aetna Fire companies in 1941 increased 16.5 percent over 1940, and assets reached an all-time high. As of Dec. 31, the net assets of the Aetna companies were \$81,644,918, increase \$11,385,000, or 16.2 percent.

Part of the large increase was due to the acquisition of Standard of New York and the Standard Surety & Casualty of New York. President W. Ross McCain discloses in his report that these purchases were made under very advantageous conditions. The price paid for the combined companies was \$6,950,000. As of Dec. 31, the combined assets were \$14,343,928.

"As the two companies had a large amount of cash on hand," Mr. McCain stated, "we were able by the sale of United States government bonds to the Standard by the Aetna, to secure the necessary funds to complete the purchase. We believe that these two companies will materially increase the facilities of our group and will enable us to better meet the growing agency demands."

Premiums of Aetna Fire, the parent company, were \$28,451,600, an increase of \$4,201,000, or 17.2 percent. This exceeded the previous record total of net premiums, \$28,177,000, written in 1926, by 1 percent. World Fire & Marine increased 25 percent, from \$1,837,175 to \$2,295,756. This total was also 25 percent up from 1926.

Piedmont Fire wrote \$2,034,993 net premiums, up 57.5 percent. In 1926 the



AN insurance policy must fit its role perfectly and then perform 100% when a claim arises. To be sure your client has top protection, study his needs so that the right coverage in kind and amount can be applied. For top performance place his risk in a company that can be depended upon under all circumstances—one of the Fireman's Fund Group.



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Casualty . Fidelity . Surety

FIREMAN'S FUND GROUP
Fireman's Fund Insurance Company — Occidental Insurance Company
Home Fire & Marine Insurance Company
Fireman's Fund Indemnity Company — Occidental Indemnity Company

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net premiums of Piedmont amounted to only \$212,994.

Standard premiums were \$4,413,342, an increase of 1 percent.

Total fire premiums amounted to \$37,195,150 against \$31,802,629 in 1940.

Century Indemnity wrote \$8,426,046 net premiums, a gain of 5 percent. Standard Surety & Casualty wrote \$2,962,969, a decline of 9.5 percent. Casualty and surety premiums for the two companies were \$11,389,015, up .5 percent.

Total premiums of all companies were \$48,584,164 against \$43,104,965 in 1940, an increase of 7.2 percent.

Investment income earned of the group was \$2,506,521 against \$2,447,417 on the same comparative basis in 1940, an increase of 2.5 percent. Dividends paid were \$1,450,000, so that dividend requirements of the group are amply protected.

Higher Reserves Required

Gains from underwriting and investments in 1941 were affected by the increased volume of business. Additional net premiums necessitated increases in unearned premium reserves and depreciation in market value of securities had to be written off.

Incurred loss and expense ratios of the companies were mostly lower in 1941. During the latter part of the year fire losses climbed steadily. President McCain said: "The war expenditures have stimulated premium income. We, however, look forward with considerable apprehension to the effect on our business of priorities, of curtailment of plant operations, and to the general dislocation of normal business activities by an all-out war program." Incurred loss ratio of Aetna Fire was 44.64 against 43.42 in 1940; World Fire & Marine 44.12 against 45.12; Piedmont 45.32 against 51.38; Century 50.43 against 46.9. Expense ratios were: Aetna 47.30 against 51.13; World 39.32 against 44.69; Piedmont 40.25 against 45.04; Century 52.9 against 50.60.

Management of the Aetna Fire

elect to fill the demand for increase in unearned premium reserve requirements because of the increased volume of business by drawing on surplus rather than pulling down its conflagration and miscellaneous reserve, as might have been done. Principal statement figures follow:

Capital of Aetna Fire is \$7,500,000; net surplus \$18,399,328; conflagration reserve \$6,000,000; premium reserve \$20,691,960; assets \$56,874,023.

World has capital of \$1,000,000; net surplus \$3,811,178; premium reserve \$1,501,102; assets \$6,583,566.

Piedmont had capital \$1,000,000; net surplus \$700,354; premium reserve \$1,037,450; assets \$2,912,069.

Standard had capital \$1,500,000; net surplus \$2,547,924; premium reserve \$3,540,980; assets \$8,095,703.

Century Indemnity capital is \$1,000,000; net surplus \$3,662,618; premium reserve \$3,519,964; assets \$13,391,032.

Standard Surety & Casualty has capital \$1,000,000; net surplus \$1,190,319; premium reserve \$1,537,395; assets \$6,087,041.

Deering Is Made Marine Vice-president

T. S. Deering, marine secretary at the head office of the Fire Association, has been made marine vice-president. He was formerly associated with the marine department of the Fireman's Fund in New York City and went with the Fire Association when it took over its marine operations direct.

Plan for Finance Carrier Same

General Finance Corporation of Chicago states that its purpose in forming Mid-States, an Illinois corporation, remains what it was originally; that is, to reinsure all Mid-America business in Mid-States. This will be done as soon as the departments of the various states in which the companies operate approve the plan. Mid-States then will be the

finance company's only insurance carrier. General Finance does a large automobile financing business. W. L. Snyder is vice-president in charge of the insurance operations.

General of Seattle Record

SEATTLE—The General of Seattle companies enjoyed a gain of 17.2 percent in premiums last year. In the fire department the gain was 12.6 percent and in the casualty 29.5. Net earnings were equivalent to \$12.61 a share compared with \$9.67 in 1940. The usual quarterly dividend of 75 cents was declared. President H. K. Dent stated that so long as the company is increasing its business in substantial amounts it is impractical to pay larger dividends. He pointed out that the volume of business that can be written is determined to a large extent by surplus and the management believes in plowing earnings back into surplus to enable the company to write more business on profitable classifications.

Swiss Reinsurance Changes

Announcement has just reached this country that P. Guggenbuhl and P. Pessina have been appointed managers of Swiss Reinsurance at the head office. F. Eggenberger has resigned as sub-manager with agreement of the directors, in order to devote himself to a special mission.

National Union Declares \$2.50

National Union has declared a dividend of \$1.50 share and an extra dividend of \$1 both payable March 2 to stockholders of record Feb. 9.

First Aid Class in N. Y.

The Insurance Society of New York has organized a Red Cross first aid class, which will meet weekly beginning Feb. 3.

Hartford College Offers Five Courses of Interest to Insurance People

HARTFORD—Five courses of the Hartford College of Law & Insurance, accident and health, inland marine, wills and administration of estates, trusts and future interests, and sales law, will be open to part-time students, when the second semester starts Feb. 2. The courses are open to agents, insurance company and agency office employees, and others. Classes are held one evening a week, 7 to 9 p. m.

The accident and health course will be directed by Howard Bromage of the agency department Aetna Casualty, on Wednesdays. It will cover commercial and group accident and health, types of policies and benefits provided, underwriting and claim investigations.

The inland marine course will be directed by L. E. Day, superintendent of inland marine insurance of Phoenix of Hartford, on Thursdays. It will cover all types of inland marine insurance, including hull, cargo, liability interest, personal floater coverages, and special bailees' forms. Rating, underwriting and loss adjustment for each class of insurance will be studied.

Credentials for Adjusters on Defense Plant Losses

In order to facilitate the handling of losses in defense plants, Western Adjustment is furnishing those adjusters on its staff who are prepared to handle this class of loss with an affidavit. The affidavit has space for a photograph of the adjuster, and in addition he carries a birth certificate with him.

The affidavit sets out the work of the adjuster, testifies as to his reputation, and carries his signature.

Defense plant management is scrutinizing extremely closely these days anyone who asks for admittance.

INTER-OCEAN REINSURANCE COMPANY

Condition December 31, 1941

ASSETS

Cash in banks.....	\$ 688,347.70
United States Government bonds.....	2,242,998.84
All other bonds.....	687,328.92
Stocks.....	715,645.00
First mortgage loans FHA.....	566,825.84
Other first mortgage loans.....	86,020.18
Real estate sold under contract.....	85,191.60
Home office building.....	96,377.80
All other real estate.....	54,850.00
Accrued interest and rents.....	32,702.46
Due from insurance companies.....	339,309.47
(Not over 90 days)	
Other admitted assets.....	41,911.97
	<u>\$5,637,509.78</u>

LIABILITIES

Unearned premiums.....	\$3,342,034.22
Reserve for losses.....	383,536.12
Reserve for adjustment expense.....	16,216.56
Reserve for taxes.....	48,035.82
All other liabilities.....	35,509.58
Capital.....	\$ 500,000.00
Surplus.....	1,312,177.48
	<u>1,812,177.48</u>
Treatyholders' surplus.....	1,812,177.48
	<u>\$5,637,509.78</u>

Note: The amortized and market values used in this statement are on the basis prescribed by the National Association of Insurance Commissioners. On an actual market value basis the total admitted assets would be increased to \$5,643,506.78 and the net surplus to \$1,318,174.48. Securities carried at \$505,200.00 in the above statement are deposited as required by law.

REINSURANCE -- FIRE AND ALLIED LINES

EASTERN DEPARTMENT
90 John Street
New York

HOME OFFICE
CEDAR RAPIDS,
IOWA

PACIFIC COAST DEPT.
114 Sansome St.
San Francisco

Mays Tells Agents Effect of the War

(CONTINUED FROM PAGE 4)

nesses that have anything to sell. Industry is humming. Premiums from workmen's compensation will increase almost automatically. The impossibility of replacing used automobiles with new ones and the expense of repair parts will make automobile owners more conscious of the value of their old cars, their need for fire, comprehensive and collision, especially the latter. There will be an upward trend of prices for old cars. Cars which are several years old because of possible mechanical defects and lack of proper repair are more likely to involve owners in accidents. Faster and more careless tempo of the times, he said, can be expected to cause more accidents.

Mr. Mays urged the agents to go after accident, health and hospitalization insurance before the market is restricted by federal action in the Social Security program.

Building Costs Are Up

He cited the fact that building costs have been rising sharply. Almost all buildings are worth more today than they were this time last year. The same may be said of machinery and contents. Therefore, local agents should check up on all their customers. Use and occupancy insurance has been sold to too few insurance purchasers in the past. It is very essential at this time.

Mr. Mays advocated the sale of leasehold insurance because clients who have long term leases would suffer serious loss if damage by fire made them lease other premises at higher rentals.

Should Check on Office System

He suggested that agents give some consideration to developing their survey business in order to avoid soliciting lines on a hit or miss basis. Furthermore, he advocated analyzing office and selling operations. Haste and motion should be discarded. Time should be conserved. Outmoded practices should be discarded. The financial position of an agency should be examined. Every office should carry a sufficient reserve so that it will not be embarrassed in any way in the payment of commissions or other unexpected demands. He urged agents to set up a commission account to keep their business on a sound financial footing.

Furthermore, agents should conserve their automobiles and tires. Now he thinks that people are wasting a lot of time and money by the unnecessary use of their automobiles. In calling up by telephone he said an agent should make it a point of saying that he is using this medium rather than driving out to see a customer in order to conserve gasoline, oil and tires.

Right now, he said, is a glorious opportunity to revise agency advertising and make it more effective and pointed.

Every agent, he said, has a very serious and important obligation to his clients. An agent should keep fully informed on the latest developments in the business. He can serve his customers properly and preserve his business only by constantly striving to make himself the best informed insurance man in his community. Do not use war as an excuse for failure to read and study, he said. Those who have prepared themselves by study and strict application to their business will survive, in his opinion.

Three Commissioners Attend

In attendance at the Standard Accident's regional meeting at Denver were Commissioners MacDonald of Wyoming, and Kavanaugh of Colorado and Superintendent Apodaca of New Mexico. The agents in the territory of the Daly General Agency at Denver were in attendance.

Indiana Ban on Installment Payment of Term Premium Causes Stir; Recall Ia. Ruling

INDIANAPOLIS — The ruling of Commissioner Viehmann of Indiana, against the collection of three, four and five-year term fire premiums on a basis other than full term payments at inception of the coverage has caused a stir, because there had gradually developed an extensive practice of installment collection of such premiums. It is recalled that last year Commissioner Fischer of Iowa outlawed the installment payment of the term premium, characterizing such an arrangement as the "Russian plan."

The ruling states that "All policies submitted for filing and approval of this department containing the following provisions or language of similar intent will be disapproved and considered in violation of this ruling and the law applicable thereto:

"(1) If this policy shall be for a term of years (more than one year), the premium named in said policy shall be payable in equal installments. The first installment of said premium shall be payable on the delivery of this policy, and a like equal installment of such premium shall be payable each year thereafter in advance of the anniversary of the policy, and this policy shall be in force only for such year or years as the premium therefor shall be paid to such company.

"(2) In consideration of the insured to purchase insurance under this policy, for five successive years, it is understood and agreed that this policy may be renewed for four successive years by the issuance of properly countersigned renewal certificate, and that the premium charged thereunder shall be—dollar per annum. No insurance shall exist hereunder beyond the expiration date of the policy or last renewal certificate."

The ruling was made effective as of Jan. 6, after which date the issuance of such policies is prohibited.

H. W. Heinrich of Travelers' inspection and engineering division spoke to the Grand Rapids Safety Council, stressing the need for reducing industrial accidents.

IN U. S. WAR SERVICE

Edgar L. Warner, who joined Indemnity of North America as a casualty underwriter in Chicago late last year after having been released from the army because he was more than 28 years of age, was called back into service and reported last Saturday at Fort Sheridan, Ill.

Harry T. Hierl, Fond du Lac, Wis., agent, a reserve officer in the U. S. Army has been ordered to report for active service at Camp Lee, Va.

B. G. Williams resigned as examiner for the Virginia Rating Bureau to join the army and has gone to Maxwell Field as an aviation cadet. His elder brother, R. M. F. Williams III, formerly examiner of Virginia F. & M., is purchasing agent for a government contracting firm at Jamaica, B. W. I.

Kenneth Dougherty, automobile adjuster for Home of New York, Portland, has been called to army service and has reported to Fort Lewis, Wash.

Erling Jacobsen, Fireman's Fund, Portland, Ore., has enlisted in the Navy air corps. A farewell party in his honor was given with E. A. Valentine, state agent, making the arrangements.

Milton Wesley, Tulsa, Okla., adjuster for Garrett, Inc., has resigned to enlist in military service. He is a brother of Ralph P. Wesley, Hutchinson, Kan., agent, with whom he was formerly associated.

Ray M. Ely, actuary of Country Life, has been called to active duty as a captain of infantry stationed at Fort Benning, Ga. He has held a reserve captain's commission for 12 years, having gained it in R. O. T. C. work at South Dakota State University, from which he was graduated in 1929. Captain Ely also is consulting actuary of Illinois Agricultural Mutual and Farmers Mutual Reinsurance, which are affiliated with Country Life.

Michael Schweih, special agent for Hartford Fire in northwest Ohio, with headquarters at Toledo, has been inducted into the army.

Frank Hohenadel, Jr., casualty underwriter for the Childs & Wood agency, Chicago, was inducted into the army this

S.E.U.A Issues Two New Endorsements to Fit Revised U. S. Procedure on Cotton

The Southeastern Underwriters Association has promulgated two new special cotton endorsements, relating exclusively to cotton acquired by the Commodity Credit Corporation. The endorsements are to be used by warehousemen who elect to enter into the new CCC "cotton storage agreement" Feb. 1, and having done so request that their insurance policies be endorsed in conformity with certain features of the new agreement. The CCC no longer requires warehousemen to carry insurance on "acquired" cotton.

In its circular to warehousemen the CCC stated that in instances where the corporation transfers warehouse receipts to other parties it will be necessary for the warehouseman to cover the cotton under his fire insurance policy. While the contract relieves the warehouseman from obligation to insure the cotton so long as the CCC has title, when the title is transferred by transfer of the warehouse receipt, the warehouseman will have an insured receipt outstanding for which he would be liable to the holder. Reports of all such transfers of warehouse receipts will be made to warehouseman by the corporation.

To meet the alternative thus outlined the new forms exclude coverage on acquired cotton of the CCC so long as it holds title, but bring such cotton under the insurance when CCC passes its title to another owner. In the event that the CCC sells any cotton held for it by a warehouseman under insured warehouse receipts of the insured, the insurance then provided by the endorsements shall be for the benefit of the new owner for the full market value of the cotton, under the terms of the policy to which the endorsement is attached.

One of the new cotton endorsement forms attaches to reporting form policies, the other to specific policies.

week. His father is a broker with Aetna Casualty in Chicago.



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VIEWED FROM NEW YORK

By GEORGE A. WATSON

BEHA ADDRESSES EXAMINERS

James A. Beha, New York attorney and former superintendent of insurance, spoke at a dinner meeting of the New York Insurance Examiners Association on "The Appleton Rule and Federal Supervision." H. D. Appleton, former New York deputy superintendent, who was with the department 41 years, enunciated the rule that the New York department has jurisdiction over all the transactions of companies operating in New York, wherever they may be.

MALTBY IS A DIRECTOR

Monroe Maltby has been elected a director of Johnson & Higgins. Mr. Maltby joined Manufacturers Liability in 1920 and in 1923, shortly after its organization, joined Sun Indemnity, where he headed the liability underwriting department. In 1926 he became a partner in the insurance brokerage firm of Otis-Jones & Co. That firm was merged with Johnson & Higgins Jan. 1, 1940.

U. & O. GROUP FETES HINCKLEY

The committee on use and occupancy of the Eastern Underwriters Association was host at a luncheon to David Hinckley, who served as its secretary among his other duties, since the E. U. A. was formed in 1927 until his retirement at the close of last year. C. A. Snow, secretary of Phoenix of Hartford, and chairman of the U. & O. committee, acted as master of ceremonies. Those attending included G. S. Atkinson, secretary Hartford Fire; J. E. Downey, secretary Aetna Fire; R. H. Byrnes, assistant secretary Continental; and S. T. Skirrow, secretary Great American. Mr. Hinckley was presented with a thermometer of scientific value. Since his retirement Mr. Hinckley is spending his time at his Maplewood, N. J., home. Later on he may take a trip to Florida.

25-YEAR CLUB MEETS

With Arthur Lindaberry as toastmaster, the 25-year club of the New York Fire Insurance Exchange held its annual dinner. Guest speakers included G. F. Kern, president; A. H. Witthohn, vice-president, and Harold M. Hess, manager of the Exchange. The club has 38 members.

BROOKLYN BANK GROUP ELECTS

Charles J. Kipp, assistant cashier of the Lincoln Savings Bank, chairman, and all other officers were reelected at the annual meeting of the Savings Bank Insurance Forum of Group 5 in Brooklyn. The organization has monthly meetings to discuss problems confronting the insurance managers in savings banks. At the annual meeting William Spiegelberg of Royal gave a talk on the tentative war risk insurance setup and on the numerous revisions in the phraseology of supplemental contracts.

AUTOMOBILE TIRE INQUIRY

One or two companies have made some inquiry as to whether it would be admissible for them to have automobile tires shipped to headquarters in case an automobile is taken over due to a loss. Some inquiry has been made of adjusting companies and independent adjusters as to whether such a course could be pursued. Some of the officials take the ground that this would be a most unfortunate situation in which to place the industry as a whole. It would be claimed that the insurance companies were using their peculiar loss conditions to get

tires. Some of the officials declare that such an action would place the insurance companies in a most undesirable position. They contend that insurance should take its place along with all others and not ask any special favors so far as tires or automobiles are concerned. Companies are much interested in protecting themselves on account of their field men using automobiles. While there is nothing illegal in taking tires as part of a salvaged automobile it is generally felt that when the situation is fully appreciated no action of this kind will be taken.

CHICAGO

DON WIMMER TO LOUISVILLE

Don H. Wimmer, who for the last year has been the "Insurance Field's" editorial representative in Chicago and was associate editor in that office in 1935-36, has joined the staff at the Louisville office as associate editor.

Mr. Wimmer has a long background

of trade paper experience and brings with him a wide acquaintance among insurance men. During the period of 1937-40 he operated a world-wide news and picture bureau at Huntington, Ind., which brought him into contact with management problems of direct interest to the entire range of insurance.

He has been a familiar figure at local and national conventions during past years.

HOFFBERG IMPROPERLY LISTED

Through error the firm name of Phil Hoffberg & Co., well known adjusters for the assured in Chicago, was spelled incorrectly in the 1942 edition of the Chicago Insurance Telephone Directory just recently distributed. Mr. Hoffberg started in the adjusting business 24 years ago and his company now handles losses over a wide area in the United States.

EARLY HEADS JAMES & CO. CLUB

Kent Early was elected president of the Fred. S. James & Co. Employees Club at the annual meeting held in connection with a dinner dance. He is special agent. J. W. Ball, life brokerage department, is retiring president. Other officers elected are: Vice-president, George Schroeder; secretary, Lillian Kennedy; treasurer, Joshua Cooper; new

members of executive committee, Richard Udon and Nadine Parker.

GRIFFIN, INGRAM & PFAFF DINNER

The Griffin, Ingram & Pfaff agency of Chicago which is a prominent general insurance office as well as being general agent for Equitable Life of Iowa, gave its annual dinner for brokers with about 25 on hand. It was the 15th anniversary of the agency and the occasion also coincided with the 75th anniversary of Equitable Life.

Dwight Ingram presided and Arnold Pfaff presented awards to agents for outstanding life insurance performance.

BRABAND LEAVES ILL. DEPARTMENT

A. A. Braband, deputy in charge of investigations in the Chicago office of the Illinois Insurance department for the past five years, has resigned. Before joining the department Mr. Braband served as special agent and branch manager for several companies and he was for a time an independent broker in Chicago.

LUNCHEON FOR WOLTERSdorFF

The Illinois Blue Goose is giving a luncheon Feb. 9 at the Atlantic Hotel honoring Ralph F. Woltersdorff, who retired Jan. 1 as secretary of Atlas. Mr. Woltersdorff is a past most loyal gan-

American Equitable Assurance Company of New York
Organized 1918

Globe & Republic Insurance Company of America
Established 1862

Knickerbocker Insurance Company of New York
Organized 1913

Merchants and Manufacturers Insurance Company
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Organized 1849

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W. Va. Field Group Elects

COLUMBUS, O.—The West Virginia Fire Underwriters Association at its annual meeting here this week elected these officers: Herbert Fahlgren, Camden, president; B. J. Weisgerber, North British, vice-president; A. S. Whitely, Wheeling, secretary-treasurer.

der of the Illinois pond and has been a member for 36 years. At that luncheon there will be shown a technicolor sound movie, "Trans-Pacific" by courtesy of Pan-American Airways.

TAX SUIT IS IN PROGRESS

Trial is now taking place in Chicago in the suit of the Cook County Loss Adjustment Bureau to recover federal income taxes paid for 1937-38-39, amounting to about \$3,500 and to be relieved of such taxation in the future. The Cook County Loss Adjustment Bureau was incorporated as a not for profit organization.

Loss Trend Up in '41 Western Adjustment Finds

(CONTINUED FROM PAGE 4)

states. The problems furnished by some of these losses, however, gave adjusters many anxious moments. Priorities, delays in transit, lack of essential materials, lack of power, inefficiency and deficiency of labor, and the impact of war all served to upset the normal path of adjustments, and this condition undoubtedly will continue for some time.

U. & O. losses produced some new and unusual problems in 1941, and because of defense industry and government priorities these are likely to be more pronounced in 1942. For instance, steel, brass, aluminum, copper and all metals and various alloys produce delays of two to three months over normal times. Imported goods replacements can generally be expected to cause a complete shutdown where substitutes are not available. Electrical and heating equipment even with priorities extend the U. & O. loss three to six months, while the use of spare parts is practically nonexistent.

"We can no longer in defense industries expect lost time to be made up as practically all are running to capacity," the report states. Overtime is an important item on most partial losses inasmuch as delay is not tolerated. Labor is scarce and the tendency is to call all employees essential and insure them under item 1 of the U. & O. contract.

Building materials are hard to secure, causing an additional loss of time from 25 to 50 percent. During 1941 the number of U. & O. losses did not materially increase. Western Adjustment had slightly over 200 of them and only a few were affected by war conditions. However, should 1942 produce more losses, which it is likely to do because of abnormal conditions, an average increase in the adjustment losses of from 30 to 70 percent might well be expected.

Automobile Situation

The substantial increase in automobile losses resulted from the growth in production and sales of new cars. Collision was the predominant type of loss, though hail losses were quite prevalent, fire losses about normal, and partial and total theft losses slightly greater. While the limitations placed on production and distribution of new cars and tires will decrease the number of automobile losses, it will make adjustments more difficult. Values of used cars have increased materially and will most likely remain high unless a price ceiling is declared. Future adjustments also will be affected by the increase of parts prices and the difficulty in obtaining parts. Labor prices are higher and more and more dealers are declining to allow discounts on parts.

Western Adjustment's automobile subrogation department was expanded during the year and established a remarkable record. On automobile losses of \$531,749 recoveries totaled \$318,031, or 59.81 percent.

The further increase in number of inland marine losses last year was due principally to more extensive writing

of such coverages, according to the report. Cargo losses constituted the principal difficulty although apparently the experience on this class is gradually improving. There was a marked decrease in the number of hi-jack losses, although petty thefts continued as prevalent as ever. Because of an expected decline in auto premiums agents will undoubtedly expand further their writings of inland marine lines as a means of keeping up premium volume.

Western Adjustment's new yacht department, opened early last year in the Chicago area, proved successful, and the company then placed a marine surveyor in the Detroit office for handling yachts, hull and ocean cargo claims in that area.

The 1941 aviation losses were over three times those in 1940. While private flying has been curtailed because of war conditions, and there is evidence of further restrictions being enforced, the government's program of training a large group of pilots in the next two years, most of whom will receive such training in privately owned schools, there probably will be no decline in this type of loss in 1942. Here also agents are expected to attempt to overcome some of the decline in automobile premiums.

Because of the unusual demand for service Western Adjustment expanded its facilities considerably. It established offices in 13 cities and now maintains 145 branch offices.

Warns Mich. Farm Mutuals

LANSING, MICH.—Farm mutual fire carriers are being notified by the department that they must discontinue writing certain classes of business which have been written in the past by some mutuals in violation of the farm mutual law. Specifically banned are: restaurants, filling stations, country stores, factories, cider mills, sawmills, feed mills, or other commercial businesses involving the handling, processing, or storage (for others than the owner) of eggs, butter, poultry, meats, grain, fruit, potatoes, onions, celery or other produce; automobiles, tractors and trailers for the use of which a license is required.

Postpone Fischer Hearing Again

DES MOINES—The court hearing to determine the question of jurisdiction in the action filed with the state executive council against Commissioner Fischer of Iowa has been postponed again until Feb. 2.

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Loss on Byers Hotel at Mattoon, Ill., Will Be About 35 Percent

Loss on the Byers Hotel at Mattoon, Ill., and the drug store adjacent was caused not only by direct fire but smoke damage. The hotel loss will run about \$10,000. One section of the hotel was pretty badly gutted. Just how the fire started has not yet been determined although it is supposed to have been a short circuit. It was in this fire that W. C. Sonnen of Evanston, Ill., son of W. J. Sonnen, retired Chicago department manager of the St. Paul F. & M., was suffocated by smoke as he entered the hall from his room. Mr. Sonnen was an inspector for the Chicago ordnance district, War Department.

New Utica Fire Officers

Utica Fire has elected T. Harvey Ferris president, succeeding the late R. H. Canfield. Mr. Ferris was one of the original founders of the company in 1903 and has served as a director since then, and as vice-president since 1935.

J. J. O'Neill was elected vice-president succeeding Mr. Ferris. He continues as general manager.



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NEWS OF FIELD MEN

Field Men Hope Annual Meetings Follow Custom

While no expression has come from company headquarters regarding field men's annual meetings that are usually held at some resort, the hope is expressed that these gatherings can be continued as usual without interference. They are not far away and they enable the field men to assemble for two or three days recreation and outing along with their business sessions. The annual meetings bring all the field men of a state together and that is an advantage these days when many companies divide their fields into separate units.

Some officials are holding that field men will have extraordinary difficulties confronting them owing to war conditions. The restraint on automobiles and tires will have an effect resulting in traveling men having to rearrange their transportation program and putting them to much inconvenience.

Some companies say that there will be enough dislocation of the ordinary processes without companies inventing others. The most effective results they say so far as field men are concerned can be gotten by keeping them in as good a mood as possible, allowing them some privileges and getting their minds off of war. During World War No. 1, companies shut down on field men holding their annual meetings at resorts and insisted that they gather at city headquarters. It was felt by many that this was a mistake and that war conditions were too much emphasized by this procedure.

Barrett Named Kan. State Agent

William W. Barrett has been appointed state agent for Kansas by Fireman's Fund group, with headquarters in the New England building, Topeka.

Mr. Barrett is 41 years old. He received his education at Kansas University. Following graduation in 1924, he entered the agency of his uncle, The Layton Insurance Agency, Concordia, Kan.

Mr. Barrett is well known in Kansas insurance circles, having served as field man in the state for 13 years, the past five years as state agent for New Hampshire.

Previously for four years he was special agent of Home in Kansas and later for four years special agent in Kansas for the McKnight General Agency of Enid, Okla. He has maintained headquarters in Topeka for many years.



W. W. Barrett

Chapman State Agent of Springfield in Okla.

Max Chapman, underwriter and assistant superintendent of the Springfield F. & M. farm department in the western department at Chicago, has been appointed southern Oklahoma state agent by that company. He will have headquarters associated with State Agent Herbert Lininger in 815 Midwest building, Oklahoma City. Mr. Chapman is a graduate of University of Illinois and has been connected with the Springfield's western department for 15 years.

To Hold Ill. Field Outing as Planned on June 18-19

Announcement was made at the mid-year meeting of the Illinois Fire Underwriters Association in Springfield that reassurance has been given that the association might go ahead with plans for the annual meeting, scheduled for the Lake Lawn Hotel, Lake Delavan, Wis., June 18-19. In the former war some of the field meetings that were combined with outings were done away with and the question naturally arose as to whether the companies might desire to have the field men give up their outings this year. Apparently the companies have decided not to interfere.

Insurance Director Jones of Illinois, who was to have been the featured speaker, could not appear. N. P. Parkinson, assistant director, gave a talk instead. He observed that insurance men contribute to the general good in time of war and that they are particularly well qualified to assist in such vital services as fire protection and safety work. Deputy Commissioner Ray Nelson was introduced and spoke briefly. C. W. Soderstrom, manager of the Illinois Inspection Bureau, and H. A. Reinebach, superintendent of the Springfield office of the inspection bureau, were special guests.

H. E. Johnson, Jr., Aetna Fire, president, was chairman of the meeting. Miss E. E. Edwards, secretary, gave a report as did several committee chairmen. C. F. Daniels, Norwich Union, chairman of the forms committee, stated that the proposal to give coverage against lightning damage to electrical appliances, which has been done in several states, is now being given consideration from the national standpoint. About 87 attended.

Providing satisfactory arrangements can be made, it was decided that the association would subscribe to THE NATIONAL UNDERWRITER for those members that enter military service.

These new members were elected:

L. H. Clark, Glens Falls; Elmer U. Dearstine, America Fore; J. W. Hutchinson, Home; Ray C. Preston, Aetna Fire; H. E. Ropp, America Fore; E. R. Sherwood, Crum & Forster; John B. Keena, Hanover; J. S. Burgoon, Security of New Haven.

American Makes Changes in East

American of Newark has made several field changes affecting New Jersey, Pennsylvania, Delaware, Maryland and Washington, D. C.

Special Agent John Weniger has been transferred from the northern New Jersey field to take over Delaware, Maryland and Washington with headquarters at Baltimore.

Special Agent DeWitt A. Meyers, who has had extended experience in various departments of the home office, will take over Mr. Weniger's field in northern New Jersey.

John A. Bannan, formerly an examiner in the home office, has been appointed inspector for northern New Jersey.

Both the New Jersey men will be associated with State Agent S. H. Reiter.

Cameron to Army

Special Agent Robert A. Cameron, who has been traveling the Philadelphia suburban and eastern Pennsylvania field, has enlisted in the engineering corps of the army and will take a leave of absence Feb. 2.

Special Agent Richard H. Gedney will

relinquish supervision of Delaware and Maryland and will take supervision of Philadelphia suburban and Philadelphia. His headquarters will continue to be 1034 Public Ledger building, Philadelphia, Pa.

Special Agent O. R. Carlson, who covers central Pennsylvania, will take over the remainder of Mr. Cameron's territory in eastern Pennsylvania, and will have as his associate Special Agent Carl T. Wagner, who has been in various underwriting and production departments at the home office. Mr. Wagner will share Mr. Carlson's headquarters at Harrisburg.

Aetna Fire Makes Changes in Midwest Farm Field

Harold K. Scott, farm special agent for Aetna Fire in northern Illinois for several years, has been made superintendent of the farm department in the western department at Chicago, a position that has been vacant for some time.

Ray C. Preston, formerly farm special agent in Indiana, has been transferred to northern Illinois to succeed Mr. Scott.

Arl Garrett has been appointed farm special agent in Indiana succeeding Mr. Preston. Mr. Garrett has been assist-

ant superintendent of the farm department at Chicago and returns to the field in Indiana at his own request.

Nygren to Navy, Mosher to Ia.-Neb. for Agricultural

Agricultural and Empire State have appointed R. Clarence Mosher as special agent for Iowa and northern Nebraska. He is being sent out from the home office to take the place of George Nygren, who is leaving to enter the Navy.

Mr. Mosher joined Agricultural in 1921. He has worked in several departments and has thereby gained wide experience. He will be in the Omaha National Bank building.

Kansas Speaker Group Graduates

TOPEKA, KAN.—The Speech Club sponsored by the Kansas Fire Underwriters Association and composed of 20 members, held its final session at a banquet here in the form of a "commencement" attended by class members and their wives. Classes in public speaking have been held each Monday since Nov. 10, with Prof. E. C. Buehler, University of Kansas, as instructor.

In charge of the class was the asso-



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ciation's speakers committee, of which Lloyd Gaines, Commercial Union, is chairman; James Egy, National Fire, vice-chairman, and C. E. Stiehl, London & Lancashire, secretary.

Members of the class provided the entertainment at the banquet. N. K. Nelson, Great American, and Freeman Irby, Ohio Casualty, were the class orators; Victor Herbert, Loyalty Group, class prophet; Byron R. Ward, Glens Falls, poet, and C. E. Stiehl, London & Lancashire, historian.

Seattle Pond Initiation

Seattle Blue Goose initiated nine new members at the semi-annual meeting. P. J. Braun, most loyal gander, presided. A social hour and banquet followed. Among old-timers present was A. V. Holman, San Francisco, assistant secretary America Fore group, one of the pond's founders. A luncheon meeting will be held Feb. 2 at which Ray Eckmann, director of athletics University of Washington, will speak on football.

Life Saving for Wichita Puddle

A Red Cross life saving class in the Sunflower Blue Goose Puddle in Wichita has been organized with Harry B. Brown, Northwestern National state agent, as instructor. The 28 ganders and their wives are attending weekly classes on Monday nights. W. H. Moore, Central Kansas Adjustment, is secretary of the 10-week course ending March 16.

Hamilton Heads N. J. Field Club

NEWARK—At the annual meeting of the new Jersey Field Club held in the Robert Treat Hotel, on Monday, Jan. 26, Robert C. Hamilton, Royal-Liverpool group, was elected president, succeeding W. R. Carlson. Other officers elected are: G. H. Martin, New York Underwriters, vice-president; J. D. Sullivan, Crum & Forster, secretary; F. G. Adams, Travelers Fire, treasurer. The new executive committee includes L. G. Clark, Springfield; Harry Kohler, America Fore; H. W. Wittich, Providence Washington, and J. L. Lacher, Fireman's Fund. The next meeting will be held Feb. 23.

Plan Defense Work in Georgia

ATLANTA—Eighty members of the Georgia Blue Goose attended a stag dinner and brief business session. It was voted to make a new donation of \$50 to the Red Cross. What the organization could do in assisting the country's war efforts was discussed, and on the suggestion of Lloyd T. Wheeler, manager Southeastern Underwriters Association, it was agreed that committees of the pond and of the Georgia Fieldmen's Conference would cooperate in assigning individual members or groups in both organizations to defense tasks into which they would fit best. H. N. Pye, chief engineer of the S. E. U. A., who had just been appointed chief air raid warden for the fifth congressional district in Georgia, was made a member of the co-ordinating committee of the pond.

Van Arsdell to West Texas

Howard P. Van Arsdell, for the past year with the Houston Fire & Casualty in eastern Tennessee, has been made special agent for west Texas with headquarters in Fort Worth.

Green in Florida for R. I.

J. Arthur Green has been named state agent of Rhode Island in Florida, with headquarters at Orlando. Mr. Green succeeds R. G. Eaton, former joint manager of Rhode Island at its Atlanta office.

Ohio Party in Cleveland Feb. 2

The Ohio Blue Goose will hold a stag party in Cleveland Feb. 2, the date of the annual Cleveland puddle spash. There will be an initiation and business

meeting, dinner and entertainment. George W. Wheaton is chairman of the committee in charge.

Minnesota Pond Elects March 2

The annual meeting of the Minnesota Blue Goose will be held in Minneapolis March 2.

Anthracite Field Club Meets

The Anthracite Field Club of Pennsylvania held its annual meeting at Scranton, Pa., Wednesday.

The Scranton entertainment committee arranged a Monte Carlo night as the entertainment feature.

W. L. G. Johnson to Philadelphia

American has transferred Special Agent W. L. G. Johnson to the Philadelphia office to supervise the territory formerly handled by Richard H. Gedney, resigned. Mr. Johnson, originally a local agent, has been special agent in northern New Jersey.

NEWS BRIEFS

The Blue Goose Auxiliary of Sioux Falls, S. D. met at luncheon, the hostesses being Mesdames Martin Cogley, Clarence Dana, E. L. Engler, W. C. Foster and Clarence Hagglund. The question of doing work for the Red Cross at future meetings was proposed.

Captain Leslie De Witt of the Wichita police department spoke to the Sunflower Blue Goose in Wichita on "Rumors."

The Dan T. Smith puddle of the Illinois Blue Goose (Springfield-Decatur), will hold its annual dinner dance at the Elks Club Roof Garden, Springfield, Feb. 14. All members and their friends are invited.

The Iowa State Fire Prevention Association inspected Missouri Valley this week. An inspection of Muscatine will be held either the last week in February or the first week in March. Grinnell may be inspected later.

North America to Pay for Liberty Bell Vault

PHILADELPHIA—Mayor Samuel of Philadelphia has formally accepted an offer of the North America, subject to approval by city council, to defray the cost of building a fireproof and bombproof underground vault in Independence Square, into which the Liberty Bell can be lowered to safeguard it from damage by fire, explosions, bombs, or any other hazard.

Demand Makes Offer

The offer was made by John A. Die-mand, president of the North America, at a pilgrimage to Independence Hall, inaugurating the company's 150th anniversary year. The North America was founded in Independence Hall, in 1792. Among those who gathered for the ceremonies were insurance commissioners, or their representatives, from the 15 states which comprised the Union at the time North America was founded.

A board, comprising representatives of the city and of the North America, will be named to approve plans and supervise construction of the shelter. The plan is to build a concrete and steel underground vault, near the site where the Liberty Bell now stands, facing the south entrance to Independence Hall. Plans call for a platform elevator in the vault, on which the bell will rest. In the event of an air raid warning, fire, or any other hazard, the platform can be released and the bell lowered slowly into the vault. It will be protected at the top by a concrete and steel flooring. After the danger shall have passed, the platform can be brought to the surface and the Liberty Bell set back in its original position.

Cites Agents Obligation to Insurance Newcomers

NEW YORK—Appearing in his dual capacity of president and dinner chairman of the Independent Brokers' Association of Brooklyn, P. A. Locke, at the organization's annual dinner, urged brokers to spare no effort to convert the highest possible percentage of the car-driving public to acquire and to maintain automobile insurance. The sharp increase of approximately 30 percent in the number of cars insured in New York during the past few months because of the passage of the new financial responsibility act places an added responsibility upon agents and brokers to give these insurance newcomers a convincing demonstration of their services, Mr. Locke asserted. He said that mail order methods may succeed in selling some insurance, but the agent or broker with a professional attitude toward his business is the only agency to keep insurance sold. Mr. Locke reported a good growth in the membership of the association.

Whelehan Gives Talk

Unity and organization are needed everywhere, J. D. Whelehan, deputy superintendent of the New York depart-

ment, declared, stating that the brokers' organizations effectively supplemented the work of the department in policing and preserving order in the business. Mr. Whelehan described the work of such associations in permitting a greater exchange of ideas and a greater degree of self-discipline in the business. He pinch-hit for Superintendent Pink, who could not attend.

Among the distinguished guests were G. F. Sullivan, president General Brokers Association of the Metropolitan District; P. E. Schneider, president Bronx Insurance Men's Association; Julian Lucas, former president of the National Association of Insurance Brokers; W. F. Ittner, president Brooklyn Fire Agents Association; Alex Goldberger, president Brooklyn Insurance Brokers Association; S. D. Rosan, chairman of the association; S. S. Wolfson, past president of the association; J. L. Wood, chief complaint bureau, Charles Stulz, manager central bureau, E. J. McLaughlin, deputy superintendent, and J. F. Lawler, chief brokers bureau, New York department; S. B. Ackerman, professor of insurance New York University; H. D. Soden, Brooklyn tax commissioner, and Sen. J. J. Schwartz.

Dancing followed the dinner, which approximately 450 attended.

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EDITORIAL COMMENT

Charting for the Future

OUR minds are engrossed very much in present day affairs in this hectic, troubled, uncertain day when the world is topsy-turvy and battles are in progress on every front. We desire to know what our own troops are doing and what those of other countries are accomplishing. We watch the daily papers to see what was done yesterday and what was achieved today. We read bad news and then there is sometimes a piece of good news. Our minds, therefore, are congested with the conditions momentous about us.

Yet some time World War No. 2 will end. So we should be thinking far ahead and if possible insurance should join with other lines of activity in trying to chart something of a course and prepare for the inevitable day of reckoning.

We were much interested in the contribution of Charles E. Wilson, president of General Electric Company in one of the magazines in which he calls attention to the free enterprise system and what it has accomplished in the way of research, invention, manufacture, selling and distribution. He recognizes the weaknesses in the system but as he so ably points out it provides the highest standard of living in the world, it generates energy, initiative, ingenuity and ambition; it gives opportunity and brings out individuality far beyond the power of government or political organizations to develop such gifts.

Here is a paragraph in his contribution that is worth reading and rereading. "Government machinery and its peculiar politico-bureaucratic character discourage individual effort. For their own protection even the best of men in govern-

ment bureaus must condone red tape, routine and rules of procedure. Play safe. Pass the buck. Fight for seniority. Habit replaces imagination, lethargy creeps in. Business cannot succeed under such conditions. Free enterprise can still be the best provider of happiness and prosperity for our country."

Recognizing now that we do believe in the free enterprise system we must not overlook its flaws and the mistakes that it has made. There seems to be then a challenge for the free enterprise system to do a better job by far than it ever has before, get the people with it and behind it.

Mr. Wilson further says: "Now is the time for private enterprise to show initiative, foresight, cooperation, social responsibility, self discipline, long range planning on a scale undreamed of before. We must lay out a blue print of how we will meet the post war crisis and not merely our own obligations but the government action we are prepared to support."

A number of business and professional men have felt that there might be some general gathering at which various lines of activity would be represented to take counsel with one another as to the future. Mr. Wilson proposes what he calls a "congress of the American free enterprise system." Naturally such a gathering should be very representative of what might be called the great foundations of the country such as agriculture, labor, finance, commerce, engineering, management, manufacturing, insurance. Now is the time to try and chart a course. We are to live in the future as well as today.

Two Key Office Positions

MEN who have the responsibility of acting as office managers and, in fact, all who are concerned in seeing the machinery of an office move along smoothly sometimes overlook the value of a high class telephone operator and the girl or man at the information desk. They can do more to create good will for an office than almost any other employees. They are in a strategic and vital position. They are key people in the truest sense. They have great opportunities for advancing the cause of an organization and seeing to it that the impression from the outside is cordial, friendly and sincere.

Diplomacy and a smile give added prestige to an organization. We all are inclined to underestimate the value of

these two features of an office. Whoever is at the information desk should have a special adaptability for meeting people, for knowing human nature, must be perfectly sincere in seeing to it that all are treated with the utmost courtesy. When one calls at such an office he takes away with him sunshine and friendliness. He has a higher regard for the office and will say a good word for it.

Just the other day the chief vice-president of a company was calling on a large agency in an important city. He was ushered into the head of the agency and after shaking hands and before he began any other conversation he complimented the chief on the highly intelligent, diplomatic and gracious way

that the information girl received him. He said that immediately he was made to feel at home, and he formed a most delightful impression of the office and the organization simply by the way the information clerk did her job. The first impression was an excellent one.

Very often a telephone operator or information clerk may create an enemy or at least leave a very undesirable impression by being mechanical, conven-

tional, indifferent or perhaps abrupt. When an office possesses a very satisfactory person in these two positions, those filling them should realize that they are a very important part of the organization and they should be encouraged and complimented for the work they are doing. It is not always the higher up people in an organization that are dispensers of good will and friendliness.

PERSONAL SIDE OF THE BUSINESS

S. S. McDonald, Wichita local agent, has been named vice-president of the Cooperative Club there.

Charles A. Ericson, who retired as general adjuster of Norwich Union at the close of 1941 after extended service, is now busy with his son getting his recently acquired plantation near Covington, Va., in shape for the arrival of the remainder of the family, who are still in Plainfield, N. J. Purchase of the plantation, which was made possible largely through the award he received as compensation for his work in connection with recoveries by the fire companies of their payments in the Black Tom disaster nearly 25 years ago fulfills a long cherished ambition of Mr. Ericson. He has been a close student of the Civil War period and the works in his library on the subject are frequently consulted by high-school pupils in Plainfield.

George H. Bell, retired western manager of National Fire, and Mrs. Bell, are now at Mount Dora, Fla., for the remainder of the winter months.

Walter J. Kulp, Jr., of A. C. Berryhill & Co., Ft. Morgan, Colo., received the "distinguished service award" of 1942 from the Ft. Morgan Junior Chamber of Commerce. He was its first and second president. He is a son of Walter J. Kulp, manager of the Mountain States Inspection Bureau, Denver.

The engagement of Miss Barbara Hamilton of West Los Angeles, Calif., to **James Scott King, Jr.**, is announced.

Mr. King's father is secretary of the fire companies of the America Fore group.

Phil J. Braun, prominent Flint, Mich., agent, who was injured a fortnight ago in an automobile accident near Lansing, has been removed from the Edward W. Sparrow hospital in Lansing to his home. His hospitalization period was shortened considerably when it was found he could be moved safely after his fractured left arm had been placed in a cast. He was bombarded with sympathetic messages, flowers, cigars and other gifts which arrived from all parts of the state and nation.

President **L. D. Engberg** of the Minnesota Association of Insurance Agents is recovering from a severe attack of laryngitis which has interfered with his attendance at regional meetings the past few weeks.

Charles P. Bennett, senior member of the Bennett-Shellenberger agency of Colorado Springs, celebrated his 91st birthday Jan. 22nd. He was born in Philadelphia, where he was engaged in the dry goods business in early life, lo-

cating in Colorado Springs 40 years ago. Mr. Bennett has been in the insurance business there for many years, but due to illness has been confined to his home for the past three years.

William Rodiek, prominent local agent of St. Louis, who has been in the business there 45 years, and Mrs. Rodiek celebrated their 50th wedding anniversary with friends at a party given in their honor.

Gordon Rennie, special agent at Seattle for Swett & Crawford, was married to Miss Winifred Grace Barber, daughter of Mr. and Mrs. H. O. Barber of Dieringer, Wash.

Directors of Crum & Forster have presented **W. C. Carlyon**, state agent, Seattle, with a gold watch and chain to commemorate his 25th service anniversary.

Harry K. Rogers of the fire prevention department of the Western Actuarial Bureau is the subject of an interesting feature article in the Jan. 25th edition of "This Week," the Sunday magazine supplement issued by a number of newspapers over the country. The article describes the fire prevention work of "Smoky, the fire clown," as he is known to millions of school children, and his activities in training fire fighters over the country.

Because there is no snow for skiing in Minnesota, **W. W. Skinner**, investment officer, and **R. H. Bancroft**, assistant secretary marine department of St. Paul Fire & Marine, have gone to Sun Valley, Ida., for 10 days of the winter sport.

Morton T. Jones, president of Kansas City Fire & Marine, has been named a member of the industry committee of the Missouri defense council.

J. Davis Ewell, vice-president of Gibson, Moore & Sutton agency, Richmond, Va., is vacationing at Miami Beach, Fla. Mr. Ewell is a past president of the Virginia Association of Insurance Agents.

John A. Benz, assistant western manager of the Sun, has returned from a vacation trip in southern California. He spent most of his time in Los Angeles and Santa Barbara. He has become an enthusiastic booster for southern California weather.

William B. Chorn, who has been assistant counsel in the Missouri insurance department for the past four years, has joined the law firm of Ekern, Meyers & Matthias in Chicago. Mr. Chorn is the son of the late Walter K. Chorn, insurance superintendent of Missouri from 1915 to 1918, and until his death



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DES MOINES OFFICE—3133 Grand Ave., Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT OFFICE—1015 Transportation Bldg., Tel. Randolph 3994. A. J. Edwards, Resident Manager.

MINNEAPOLIS OFFICE—500 Northwestern Bank Bldg., Tel. Geneva 1280. R. W. Landstrom, Resident Manager.

PHILADELPHIA OFFICE—1127-123 S. Broad Street. Telephone Pennypacker 3704. M. E. Fredrikson, Resident Manager.

SAN FRANCISCO OFFICE—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

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in 1933 with the Charles M. Howell law firm in Kansas City.

DEATHS

Mrs. W. H. Kealhofer died at Norwood, O., the other day at the age of 86. Her family had been in the fire insurance business in Cincinnati for 90 years. She was formerly Sarah Law, youngest of six children of Dr. and Mrs. John S. Law, who went to Cincinnati from Savannah, Ga., prior to 1852 because of slavery in the south. Dr. Law was the son of an Englishman and established the Cincinnati department of the Royal in 1852. Law's Insurance Agency is the outgrowth of Dr. Law's early activities. All of Dr. Law's sons and his son-in-law, William Kealhofer, entered the service of the Royal at Cincinnati. The three notable sons, Charles H., John H., and George Wallace became prominent in the business. The Cincinnati and Chicago departments were consolidated and Law Bros. became the managers, John H. and George W. being the members of the firm. William Kealhofer joined the Royal and Mrs. Kealhofer's only child, Mrs. Elizabeth Hedger, is associated with Law's Insurance Agency as a solicitor.

Russell W. Warnshuis, 44, of the Hoosier Adjustment Bureau at Indianapolis died there. Before joining the Hoosier, Mr. Warnshuis was with America Fore.

Mrs. Hanna Davies, 87, widow of John E. Davies, who was at one time manager of the loss department in the west of Aetna Fire, died at the home of her daughter, Mrs. A. C. Allison, in Grosse Pointe, Mich.

George E. Carlson, 70, who had been in the local agency business in Moline, Ill., since 1912, except for the period 1924-1933, when he served as postmaster there, died in Lutheran Hospital in Moline. He was a prominent citizen of Moline and was once a member of the school board there.

Funeral services were held in Columbus, O., for **Myrl L. Hosler**, 55, Ohio insurance division statistician, who died of heart disease after a month's illness. Interment was at McArthur, O. Mr. Hosler had charge of auditing annual statements and computing premium taxes. He entered the insurance department 26 years ago, after having taught school for several years in Pickaway county.

C. P. Caldwell, mayor of Irving, Tex., and veteran agent, died in Dallas after a short illness.

Phil McAfee, Johnson City, Tenn. agent for 15 years, severely burned in an automobile wreck, died. Mr. McAfee graduated from the U. S. Naval Academy and served in the Navy during World War I.

William C. Sonnen, formerly a fire insurance field man but for some months past having been an inspector in plants production, Chicago ordinance district, War Department, was asphyxiated Monday night in the Beyers Hotel, Mattoon, Ill., where he had gone to check up on a plant doing defense work. He was a son of W. J. Sonnen of Evanston, Ill., retired Chicago department manager of the St. Paul F. & M. R. A. Sonnen, his brother, and David Vandercook, his

brother-in-law, left for Mattoon as soon as the sad news was received by the father Tuesday morning. The ordinance department also sent representatives. Will Sonnen left Monday afternoon to make the reinspection. There were said to be five guests that were burned to death in the hotel, which was supposed to have been fire proof.

He attended night classes at Northwestern University School of Commerce, pursuing largely the insurance course. He went with the North America's western department in 1910 as map clerk and later became an examiner in the underwriting department. He left in 1916 to go with the National Inspection Company of Chicago as an inspector, devoting his time largely to special hazards and grain elevators. During World War No. 1, he was inspecting industrial plants which had government contracts. He connected with the Liverpool & London & Globe's western department in 1918 and remained with that company for 14 years, being employed as Cook county special agent and Illinois state agent. He served as president of the Illinois Fire Prevention Association and the Illinois Fire Underwriters Association while in its service.

In 1933 he went to the home office of the Detroit Fire & Marine as chief examiner. In 1935 he went with the James S. Kemper group of Associated Mutuals, in Chicago and was special representative traveling in Illinois, Indiana, Michigan and Wisconsin. He also made special trips to Kentucky, Iowa, Missouri and Nebraska. During this period his duties also involved general fire prevention and fire protection work.

Mr. Sonnen was born in St. Paul, Jan. 28, 1887. He is survived by Mrs. Sonnen. He resided in Evanston.

Mr. Sonnen would have reached his 55th birthday anniversary Wednesday of this week. His wife had planned a special family dinner for Saturday evening. It would also serve as a farewell function in tribute to his parents, who had arranged to leave for Florida next week for the winter.

Will Sonnen had served as a member of the choir of St. Mark's Episcopal Church at Evanston for 35 years.

He was regarded by the War Department in the Chicago district as one of its most efficient inspectors due to his long experience in that line and especially his knowledge of fire prevention requirements. He was used as the man to make the final report and do the re-checking to see whether recommendations had been complied with. It was a mission of this kind that took him to Mattoon.

He had evidently awakened as his body was found outside his door in the corridor with his trousers nearby.

The funeral will be held at St. Mark's Church Thursday at 3 p. m.

R. S. Fulton, 72, Van Alstyne, Tex., local agent since 1896, died there.

Fabian J. Dittoe, 62, formerly with the Macklin Insurance Co., Columbus, O., for more than 35 years, and the past month associated with the Trafford Tallmadge Agency Co. in that city, died.

Arthur E. Tunberg, Oakland, Neb., agent for 15 years, died.

Moves to Protect Directors

NEW YORK—As further evidence of the interest in protecting corporation directors against expense of defending unfounded suits against them arising from performance of their corporate duties is the fact that American Power & Light Co., holding company subsidiary of Electric Bond & Share, will submit to stockholders at a meeting Feb. 18, a proposed amendment to the by-laws assuming such liability by the corporation. In advising of the meeting the management of American Power & Light states in part that "because of the increase in litigation and in the duties and responsibilities imposed upon corporate officials, particularly those of public utility holding companies, it has become more and more difficult for corporations to secure and retain the services of capable and responsible persons to serve as directors and officers."

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WANTED SOLICITOR-SALESMAN

For building contractor specializing in adjustments and repairs to fire losses. Should have some knowledge of insurance. Excellent opportunity to learn fire insurance contracting. Address P-6, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

Financial Statement — December 31, 1941

ASSETS		
Cash in Banks		\$ 2,022,059.27
United States Government Bonds		27,168,824.01
State, Railroad & Other Bonds & Stocks		9,970,474.08
Real Estate		500,000.00
Premiums in Course of Collection not more than 3 months due		3,225,626.53
Interest and Rents Due and Accrued		188,225.93
Other Admitted Assets		678,765.59
TOTAL ADMITTED ASSETS		\$43,753,975.41
LIABILITIES		
Reserve for Claims and Claim Expenses		\$16,492,892.45
Reserve for Unearned Premiums		7,889,441.31
Reserve for Commissions on Uncollected Premiums		600,154.97
Reserve for Taxes		985,000.00
Reserve for Sundry Accounts		330,000.00
Voluntary Reserve for Contingencies including fluctuation in Market Value of Securities		26,297,488.73
CAPITAL		7,456,486.68
SURPLUS		10,000,000.00
		\$43,753,975.41

SURPLUS TO POLICYHOLDERS \$10,000,000.00

Securities carried at \$797,375.74 in the above statement are deposited as required by law. Bonds and Stocks valued on New York Insurance Department's basis. On the basis of December 31, 1941 market quotations for all bonds and stocks owned, the total admitted assets would be increased to \$44,951,193.32 and the voluntary reserve for contingencies, including fluctuation in market value of securities to \$8,653,704.59.



A YEAR FOR THE FUTURE ★ 1942

IN 1942, America strives to assure the priceless privileges of Democracy for the future, rather than to enjoy this year the fruits of her endeavor. Into the caldron of war we cast our time, our energy, our wealth, and, if need be, our lives, that the world shall not be dominated by those who seek the enslavement of mankind.

In our United America, casualty insurance goes hand in hand with business, large and small, as well as with the individual, that each of them may make an all-out effort for production, secure in the knowledge that their legal liability to employees and the public will be met promptly, and that skilled safety engineers are ever alert to prevent wasteful accidents.

To fulfill its obligations to policyholders a casualty company must be strong, not only for a year but for a generation, because in its workmen's compensation, liability, and bonding operations some claims cannot be liquidated quickly. He who buys such policies or bonds must indeed be concerned with selecting a company he can count on for many years to come. The Globe Indemnity Company has been known for over thirty years to be that kind of an institution.

The accompanying balance sheet attests this quality. What the financial statement cannot show is the friendly spirit which marks the Globe's relations with producers, policyholders, and general public alike.



GLOBE INDEMNITY COMPANY

KENNETH SPENCER, PRESIDENT

150 WILLIAM STREET · NEW YORK, N. Y.

A STOCK COMPANY ORGANIZED UNDER THE LAWS OF THE STATE OF NEW YORK

The NATIONAL UNDERWRITER

January 29, 1942

CASUALTY AND SURETY SECTION

Page Nineteen

Priorities Pinch, War Orders Rush Not Valid Excuse

**U. S. Comptroller General
Holds Contractors
Liable to Terms**

The United States comptroller general has given an opinion to the Secretary of Agriculture bearing on the question of the liability of a contractor to the government when he is unable to perform a contract according to its terms because of the priority situation and related obstacles. This decision went against the contractor and is of very great interest to surety companies. Up to this time the government departments apparently have been very reasonable and have been making allowances due to the exigencies of the situation. If the government should assume a very exacting attitude at this time and seek to recover penalties for failure to complete the contract within the specified period or to collect from the original contractor the cost of having the work done by a second contractor when the first was unable to perform, the surety companies would be faced with numerous losses. Many surety underwriters have proceeded on the theory that during the war the government would not exact its pound of flesh too literally and would give due consideration to the facts.

The comptroller general, in this case, however, holds that the Thwing-Albert Instrument Company of Philadelphia which was awarded a contract for furnishing the Department of Agriculture an indicating control pyrometer, but which begged off on the ground that its entire facilities were needed to produce high priorities defense instruments, is liable for the difference between its contract price and the cost of getting the equipment from another house. The opinion is one that is important in principle only, because the difference involved in this case was only \$20.95.

Thirty Day Contract

The Thwing-Albert Company specified a delivery date of 30 days after receipt of the official order. In addition to the fact that the Thwing-Albert Company was prevented from performing in accordance with its contract due to national defense contracts carrying high priority ratings, there was the fact that when the original order was placed with Thwing-Albert, the Department of Agriculture could not furnish a preference rating order, whereas the regulations were changed and such an order could be furnished to the second company.

The comptroller general observed that it has long been established that the United States, as a contractor, "cannot be held liable for the obstruction of performance of a particular contract resulting from its public and general act as a

(CONTINUED ON PAGE 20)

Grant Answers Prophets of Gloom

**Cites Figures to Show
War Conditions Will
Not Depress Business**

KANSAS CITY—A vigorous answer to those who see nothing but gloom ahead was offered by W. T. Grant, president of Business Men's Assurance, in his address before the mid-year meeting of the National Association of Accident & Health Underwriters.

In taking up the effect of the war, he cited the experience of his company in the period of the former war, stating that its business in 1917 increased 30 percent over the previous year. In 1918 it was 180 above 1916 and in 1919 200 percent.

On the general economic situation, he said the depression of the last decade cost tremendously more than the highest estimate so far made as to the cost of the present war. The TNEC estimated that the depression cost 119 billion in wages and salaries alone, 38 billion in prices of farm products and 20 billion in decline in investments, or a total of 177 billion chargeable directly to the depression. In addition the deflation of values in farm and other property probably amounted to half as much more.

Eyes Automobile Situation

Many people are disquieted by the cessation of automobile production and cutting down on the use of cars. Mr. Grant pointed out that from 1929 to 1932 automobile production dropped from 5,350,000 to 1,370,000, or nearly 75 percent.

The national income last year was 92 billion plus. From 80 billion in 1929 it dropped in three or four years to less than half. It is estimated that in 1942 it will be 100 to 111 billion. Even if half of this were devoted to the war effort, it would leave 55 billion against 40 billion in 1932.

Another great source of worry is the increase in the national debt, which has now reached the record total of 59 billion. Even if it should go as high as 100 billion, Mr. Grant pointed out that it would amount to only one year's national income and that a man earning \$5,000 a year would not hesitate to borrow \$5,000 to buy or build a home. In fact few men whose debts do not exceed their annual income would worry about them.

Mr. Grant, who recently spent some time in Washington in his capacity as president of the Kansas City chamber of commerce, spoke briefly of conditions there, giving assurance that production work will be much more greatly stabilized under the recent reorganization. He said that prospects who have been disturbed about the situation now can be reassured.

He reviewed conditions in the days when he entered the business, mentioning the extent of limitations and exceptions and the resulting unfavorable attitude of the public, and pointed out the great change which has taken place in that respect. He took up the great increase in premium volume but said there is still a great field to be covered.

He emphasized the great increase in number of women being added to the

Accident-Health War Problems Up

**Application of War Clause,
Replacing Agents
Discussed by Conference**

Discussion at the mid year meeting of the Health & Accident Underwriters Conference in Chicago last week centered on the effect of war on accident and health insurance and the interpretation and use of the war risk exclusion clause in accident policies.

Due to the suddenness with which war was declared, thus altering the coverage of millions of accident policyholders in the United States, and the lack of any comparable experience in the history of accident insurance in this country, it was apparent that further time will elapse before there is any degree of uniformity either in the underwriting practice of conference companies with respect to the war hazards or the war exclusion clause.

It was not felt that the experience in the British Isles afforded a sufficiently broad guide for the benefit of calculating the effect of war on accident policies in the United States—neither was the experience of accident insurance in World War No. 1 considered quite similar to the situation now existing.

May Effect Further Liberalization

The general opinion seemed to be that caution should be exercised until further experience can be analyzed with respect to actual war coverage for accident policyholders. However, it was the unanimous opinion that additional study in the next few weeks might develop a further liberalization of accident and health insurance covering the war hazard than ever before—including possible coverage of civilians against air raids or bombardments.

Various other committees of the conference held hearings, including the blanks committee, which made some recommendations concerning changes in the annual statement blanks; the legal committee, discussing several important legal questions, and the home office management committee, which outlined some topics to be presented at the annual meeting of the conference in Kansas City in May.

Discuss War Time Recruiting

The meeting was marked by the largest attendance in recent years, 55 companies being represented by 107 delegates.

Agency problems in the accident and health field, and particularly those

(CONTINUED ON PAGE 20)

payrolls. He declared that they are excellent prospects.

Taking up the feeling of some men that they should be on the firing line or in some activity that seems more warlike, he declared that insurance salesmen are making a valuable contribution. That task is to do a better job, do it more efficiently, put in longer hours.

"Are we willing to take on this added responsibility?" he asked. "I believe we are."

Accident-Health Defends American Home, Business

**Part It Plays Told at
National Accident &
Health Association Meet**

By FRANK A. POST

KANSAS CITY—The part which accident and health insurance can play in the defense program was strongly stressed at the annual meeting here of the National Association of Accident & Health Underwriters by W. F. White, of Eagle, Globe and Royal Indemnity, chairman of the Bureau of Personal Accident & Health Underwriters, and John M. Powell, Loyal Protective Life, president Health & Accident Underwriters Conference. Mr. White reviewed its part in the defense of American business and Mr. Powell took up its contribution to the defense of the American homes.

Mr. White showed that it aids business through reduction of the economic loss in "man-hours" by reason of disability, helps stave off inflation, promotes economic stability and safeguards the national economy upon which American business is dependent.

Tenth of Economic Loss Covered

While more than 17,000,000 people in this country own accident and health insurance, yet it is estimated that only 10 percent of the economic loss caused by accident is covered by insurance. Mr. White said that the remaining 90 percent uninsured represents a real challenge to every energetic insurance salesman. The whole success of the country's "all-out" program seems to hinge on the willingness and ability of every man to work. The two things that can stop it are accident and disease. The casualties of accidents and disease can unfavorably affect the national economy to a considerable extent. Home accidents alone (and they represent the largest percentage of all accidents) directly affect the defense program.

Helps Stave Off Inflation

With 53,170,000 people employed in the United States Dec. 11, 1941, (excluding emergency employment) and an average disability period of 9.9 days per year for persons between ages 25 and 64 reported by the National Institute of Health, this would work out to a staggering total of 12,633,192,000 lost man-hours. "If these lost hours are uninsured," Mr. White said, "the effect upon our national economy would be terrific, to say nothing about the production loss to our government."

Billions of dollars spent annually for insurance, the largest industry in the country, represents in a large measure

(CONTINUED ON PAGE 20)

Globe Indemnity Reaches New High

Globe Indemnity's 1941 premium volume was \$17,656,243, a gain of \$1,363,719 over 1940. Assets and reserves are at a new high, assets being \$43,753,975. If computed on a market value basis the figure would be \$44,951,193. The total of capital, surplus and voluntary reserve for contingencies is \$17,456,486, which on a market values basis would be \$18,653,704.

The increased volume of business is shown in the unearned premium reserve, which increased by more than \$600,000 to reach \$7,889,441. The reserve for claims and claim expense increased by about the same amount to reach \$16,492,892.

Manufacturers Casualty Has Directorate Changes

PHILADELPHIA—All officers of Manufacturers Casualty were reelected at the organization meeting of the board of directors here Tuesday. Several changes were made in the board. Howard Butcher and William Campbell are new members. R. N. Rose, who was reelected executive vice-president; John S. Walker, reelected vice-president, and W. F. Fischer, Jr., were directors but were not reelected to the board.

Directors reelected are W. F. Fischer, reelected president; Le Roy Wood, re-named secretary-treasurer; Harry J. Alker, G. K. Baxter, G. P. Bible, W. N. Lynch, P. G. Murray, Harry Publicker and C. J. Thomson.

Marine Rates on Tankers Boosted

(CONTINUED FROM PAGE 5)

ports to and from West Indies, east coast of Central America, east coast of Mexico, and north coast of South America. For other vessels the rate remains at three-quarters of 1 percent.

Underwriters also increased the rate for all types of vessels on intercoastal voyages, U. S. Atlantic ports to and from Pacific ports in United States, Canada, Mexico, and Central America, via Panama Canal, from 1 percent to 1¼. However, for voyages where the eastern terminus is a Gulf of Mexico port the rate remains at 1 percent. Rates on voyages between U. S. Atlantic and South American Pacific ports were increased from 1 percent to 1¼. Earlier in the week underwriters raised the rate on voyages to and from Australia from 4 percent to 7½.

NEWS BRIEFS

L. B. Brainerd, superintendent of agents of Hartford Steam Boiler, has been elected a director of that company and is the third generation of Brainerds to serve on the board.

Stuart C. Harlowe, manager at Louisville for National Surety, also will be acting secretary of the Kentucky Bankers' Association. Mr. Harlowe has been with National Surety in Louisville for nine years, and prior to that was with U. S. F. & G., for six years, was with Union Indemnity prior to its failure, and two years with Massachusetts Bonding.

The Alamo Blue Goose will hold its winter party in San Antonio Feb. 16. Maury Pollard is chairman of the committee in charge.

The Insurance Women of New Jersey have formed a Red Cross unit with Miss Marion Shortman, Fire Companies' Adjustment Bureau, Newark, as chairman.

L. L. Morris, San Antonio local agent for several years, has been called into the army as a lieutenant.

U. S. F. & G. Air Raid Group on Coast



SAN FRANCISCO—The local office of United States Fidelity & Guaranty, organized to meet the results of air raids on its building at 444 California street, now claims that its employees, numbering more than 100, get into designated shelter locations within one minute.

There are leaders for each floor and an emergency fire department and rescue squad. Trained and equipped to extinguish bombs or rescue others who might get caught in a damaged building, this crew is ever on the alert, according to Vice-president E. C. Porter. L. J. Callendar, city superintendent, is

coordinator of activities and S. Gilmore Ware, assistant manager, is auxiliary coordinator. Each employee has his specific task and procedure to follow in an emergency.

The picture shows the emergency fire department and rescue group. They are (left to right) Thomas E. Davis, Jr., district superintendent; Fred Banducci, city supervisor; Harry Johnson, city supervisor; Robert Welch, office utility clerk; Thos. E. Davis, Sr., pay roll auditor; D. F. Sexauer, auditor; R. A. McKeever, safety engineer; Louis Richards, building engineer.

Work Accident Deaths Were Up 8% in 1941

Accidental deaths reported to workmen's compensation commissions in 26 of the principal industrial states increased 8 per cent in 1941 above the 1940 total, according to the National Safety Council.

Compensation commissions in these states received reports of 8,381 accident deaths for 1941, compared with 7,732 in 1940. In Connecticut 93 were reported, against 49 in 1940, increase 90 percent.

New York, one of the outstanding industrial states, recorded a 6 percent drop, to 1,279. Ohio, with 1,081, up 7 percent, and Pennsylvania, with 1,339, up 5 percent, were the other two states in the group having more than 1,000 accidental deaths reports. Georgia reported a 7 percent decrease, Vermont 14 percent, and West Virginia 15 percent.

Although reports on non-fatal accident injuries in occupational pursuits are not yet complete, available information indicates that these have increased 25 or 30 percent, according to the council.

County Covers Automobiles

ST. PAUL.—The county has been a self-insurer on automobiles owned and operated, paying damages to privately-owned vehicles when incurred. The county board was advised recently that it has no authority to pay for repairs on privately-owned vehicles, so it decided to take out liability and property damage coverage on its 30 vehicles. The contract was awarded to Cullen & Crowther on a premium bid of about \$600 annually.

Ky. Lobbyists Registered

LOUISVILLE—Among insurance men registered as lobbyists at Frankfort for the 1942 session of the legislature are: Lewis Y. Johnson, Jeffersonton, Ky., representing Louisville Casualty & Surety Association and J. Verser Connor, Louisville, Association of Life Insurance Presidents.

Renewal Certificate Plan Hinges on Paper Situation

NEW YORK—The threatened paper shortage may cause liability companies to issue renewal certificates instead of issuing new policies when the old ones expire. This applies particularly to automobile liability and property damage, where policies are written for a maximum period of one year and the number of policies is very large. One prominent company has already indicated that it will follow this practice.

Whether the plan is widely adopted will depend largely on whether the paper shortage becomes so acute that the need of conserving paper outweighs the advantage of being able to effect progress in policy forms from year to year. Success of the plan depends on using a very simple renewal certificate. It would of course provide for changes in rate, car description, and address, if necessary but if it had to include extensive modifications of the policy provisions and were changed from year to year there would be little advantage over issuing a new policy.

Competition a Factor

Since policy provisions can be made a keenly competitive matter it is unlikely that any of the various groups—bureau stock companies, non-bureau stock companies or mutuals—would care to freeze its policy provisions unless there were reasonable assurance that the rest of the field would go along in the paper conservation plan. Aside from the competitive angle it is to the public's advantage that companies be permitted to change their policies in line with new developments.

Until about 1935, when standard provisions were first adopted, some companies issued renewal certificates rather than new policies each year. Adoption of the standard provisions however was predicated on improvement being made from time to time and new policies were issued at renewal dates from then on.

Accident-Health Leading Producers Group Organized

The Leading Producers of the National Association of Accident & Health Underwriters, a new organization intended to give recognition and prestige to men who are doing an outstanding job in the business, was launched at the mid-year meeting of the National Association in Kansas City.

This project has been promoted since the Los Angeles convention by George L. Dyer, Columbian National Life, St. Louis, first vice-president of the National Association, who presided at the organization meeting in Kansas City.

Every man qualifying for membership in the new organization must be a member of the National association and must be certified by his company. Requirements include at least \$12,500 in accident and health premiums in force in the case of an agent and \$25,000 for his agency in the case of a general agent or manager, with limited credit given for group business; an average claim record and good persistency of business.

Maupin Temporary Chairman

Mr. Dyer said that 284 men had been certified by 55 companies. There was a good representation from that group on hand and those in attendance elected W. E. Maupin, Business Men's Assurance, Cedar Rapids, Ia., temporary chairman. A steering committee also was named, composed of Mr. Maupin, Homer Bisch, National Casualty, Toledo, O.; V. S. Crissey, Security Life & Accident, Grand Junction, Col.; W. S. Faber, Detroit Insurance Agency, Detroit; Mr. Dyer, and President Dalrymple, ex-officio, to work out plans for permanent organization at the annual meeting of the National association in Detroit next June.

A Leading Producers breakfast will be held at that time, with a prominent speaker, and emblems will be awarded to all qualifiers. It was decided that the first vice-president of the National association will sponsor the organization each year.

Any who feel that they have met the qualification requirements but have not been certified by their companies should communicate with Mr. Dyer.

Maryland's Premium \$4,000,000 Higher

BALTIMORE—An increase of \$4,099,547 in net premiums for 1941, the second largest annual gain in the history of Maryland Casualty, is reported. Net premiums were \$28,654,566.

There was an underwriting profit of \$459,369, after increasing premium reserves by \$1,718,698, and the income from investments was \$1,039,391, making a total operating profit of \$1,498,761 before securities adjustment, miscellaneous reserves and guaranteed mortgage charges. After deduction of these items there was a decrease in surplus of \$155,604.

During the year \$9,420,154 of mortgage debentures guaranteed by the company as to interest to 1953, but not as to principal, were retired and canceled. There remains outstanding \$11,002,460 of these debentures yet to be eliminated.

Assets are \$43,256,629. Surplus to policyholders is \$7,682,423.

Fidelity and surety lines were profitable. The automobile lines, after several years of profitable operation, turned unprofitable and compensation also showed a loss.

New Maryland Casualty Director

Peter H. May, vice-president and comptroller, has been elected a director of Maryland Casualty.

Personnel Problem in Hartford Is Especially Acute

Propinquity of War Industries Accentuates Companies' Difficulties

By ROBERT B. MITCHELL

HARTFORD—The Hartford companies, like all other insurers, are losing men to the armed forces but to a much greater extent than companies in other sections of the country, they are also losing much of their male and female personnel to the enormously expanded war industries in and near Hartford, such as Pratt & Whitney, United Aircraft, Colt's Arms Company and a number of others.

Losses of personnel are naturally the most severe among clerical workers and others at the lower end of the salary scale. War industries pay substantially bigger wages than any insurance company could afford. Consequently there is a real dearth of office boys, filing clerks, and similar help.

Will Be Worse

In the usual insurance home office more than half the personnel are women and the loss of the female personnel is expected to be far greater as the war effort really hits its full stride. For example, the Pratt & Whitney airplane motor factory employs women as inspectors but by the end of the year will be using several thousand, not only as inspectors but as machine operators. The expansion plans that are under way among the war industries here indicate that the real shortage of help has only started. Factories are building new additions and taking over existing structures that have lain idle like the former Hartford rubber works which Colt's has leased.

Several insurance companies here, which customarily take on many of the graduates of the local high schools, are giving jobs to high school seniors on a part-time basis. The students finish their class-room work in time to put in the afternoon at work. One of the first to adopt this system was the Aetna Life group, where students work from 1 p. m. to 4:45 and they are paid \$10 a week. While this salary is more than they are actually worth at this time it has the advantage of assuring a supply of employees in June when otherwise the chances would be that most of them would go to one of the local arms or aircraft plants. There is also the advantage that the company can see whether the students are worth retaining on a permanent basis while the students can see how they like working for an insurance company before they tie up to it permanently.

Move Others Up

The way it works out is that in an operation like filing which has previously been done by 10 girls these girls can be moved up to fill the places of girls who have quit while 20 part-timers can be put on to replace the 10 who did filing.

This system of taking high school seniors results in obtaining a group that is above average, for pupils at the bottom of the class are not recommended for fear they might fall behind in their studies. The response to this offer of the insurance companies has been better than it probably would be in normal times. Youngsters, it has been found,

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Pattern for Production

Steps in Accident-Health Sale Taken Up in Order at National Association Congress

The "Pattern of Production" sales congress conducted in connection with the mid-year meeting of the National Association of Accident & Health Underwriters in Kansas City developed the various points in an accident and sale in logical order, with an expert on each phase presenting that angle.

George L. Dyer, Columbian National Life, St. Louis, first vice-president of the National association, who presided at the morning session, characterized accident and health as the major defense against financial misfortune.

Roe H. Bartle, Boy Scout executive and Kansas City civic leader, the opening speaker, characterized himself as a "fanatical American." His topic was "Courage in Spite of Fear." The best way to build a strong America, he said, is to build one's own community. In addition to selling their own products, in which they believe in thoroughly, he urged that all insurance salesmen "sell America," breathe the spirit of hope, courage and faith.

Value of Accident-Health Account

In discussing the value of an accident and health account, C. F. Lundquist, Fred S. James & Co., Chicago, said that it means direct profitable commission, that it is invaluable as a contact line, that it is a heaven-sent opportunity for service. Accident and health insurance, he asserted, is a stepping stone to successful permanence in the insurance business.

He does not agree with the idea that business is going to slough off because of war conditions. Business conditions, taxes and the selective service act will cause some changes and possibly some lapses. Even if an army of 10,000,000 men should be built and each of these men should drop his accident and health insurance, it would mean only about 10 percent of the entire production field. There would still be 120,000,000 prospects upon whom to call. The business has no limit except the individual's willingness to work. It may be necessary to change the type of contracts and change prospect lists as to the type of people to be solicited, but accident and health business will continue to grow.

Means Lifetime Annuity

The building of an accident and health account, Mr. Lundquist said, means building a lifetime annuity for the producer and his family. Writing \$10,000 a year in premiums will give the agent an income of approximately \$2,500 a year as long as he is reasonably willing to service the account. It is the best possible contact for developing other lines of insurance, particularly life. Newspaper publicity on accidents makes it easier to talk to the individual about this type of coverage. It is a quick sale, gives the agent ready cash and takes him out of a financial slump. It appeals to the prospect's selfish instincts.

He compared the commission returns with those on life insurance, to the advantage of accident and health. There is less competition than in that field and the lapse ratio is low.

"The average family head pays a tax of approximately \$115 each year for an accident loss," Mr. Lundquist said. "Why not insure him? Economic death continues to be worse than physical death." Recent figures from England showed a death loss of 29,000 as a result of nine months' bombing, while automobile and other fatalities in the U. S. in the same period were more than 72,000. The people of the United States have more to fear from automobiles than from bombing raids.

A feature of the sales congress lunch-

con was the surprise presentation to F. G. Packwood, convention general chairman, of a pipe by the Kansas City association in appreciation of his work and a framed scroll signed by all members of the Kansas City committee.

Prospecting and Time Control

Speaking on prospecting and time control W. B. Cornett, Loyal Protective Life, Columbus, O., former national president, said that these two factors in selling are so dependent on each other that it is impossible to know where one stops and the other begins.

In the months ahead it may be necessary to do prospecting work with an eye to possible draftees, but on the other hand, the defense industries offer an inexhaustible supply of leads. He advised distinguishing between a "suspect" and a prospect. A "suspect" was defined as one who has a need, while the "prospect" is one who has a need and can pay the premium. He warned against wasting time with those who do not fall in the latter class.

It is necessary for the agent to experiment until he finds the prospecting method that fits his personality, Mr. Cornett said. He recited some experiences when he first entered the accident and health business more than 20 years ago, which taught him never to leave after making a sale without attempting to get additional prospects. By establishing centers of influence in different occupations and using the endless chain system, he wrote 1,088 applications that first year.

Operation of Prospect File

He emphasized the importance of the right type of prospect file and demonstrated the operation of one which is being used to good advantage by men in his organization. In discussing circularization, he said less mail is received on Tuesday than any other day of the week, so that Monday is the day to circularize.

Taking up time control more specifically, he cited figures to show what a small proportion of his time the average salesman really spends in the presence of a prospect and declared that that is what counts. He recommended use of a card in folder form on which the agent can enter each day 12 names from his prospect file, with pertinent information regarding them, and further spaces to show the results from each call.

He outlined a definite schedule based on circularizing a carefully selected list of 50 names each week and securing at least six interviews each day, stating that this schedule is based on full-time work, so that in the case of those writing other lines of insurance

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Honorary Chairman of Denver Committee

Insurance Commissioner Kavanaugh of Colorado is made honorary chairman



Luke J. Kavanaugh

Assessment Order in Central Mutual Case Is Upheld

Ill. Appellate Court Holds in Favor of Receiver on All Points

Against a variety of arguments that were summoned to invalidate the 100 percent assessment against those that held policies in Central Mutual of Chicago from Feb. 1, 1935, to Jan. 11, 1937, the Illinois appellate court has affirmed a judgment of the circuit court finding that there is "abundant precedent to support the order for a levy of assessment." Central Mutual was a high flying outfit that specialized in long haul truck insurance. A good many of the policyholders were substantial truckmen and thus there appears to be a good chance of realizing worth while amounts from the assessment.

The appellate court recalled that before filing the petition for assessment, the receiver employed Conover & Green, consulting actuaries, and their report was used as a basis for the assessments that were sought. They found that the assets aggregated \$253,274 and total liabilities \$3,272,667. They found that there were between Feb. 1, 1935, and Jan. 11, 1937, in effect about 40,000 policies and that the aggregate cash premium was equal to \$5,372,138. They estimated that less than 20 percent of a total assessment of that amount would prove collectible and that hence a 100 percent assessment was necessary.

Court Order Sought

Whereupon the receiver sought a court order to confirm the levy of an assessment. Attorneys acting for a number of Central Mutual policyholders immediately started to buck the move, contending that the receiver under the insurance laws in Illinois then in effect had no right to levy an assessment, that the court had no power to enter an order, that under the law the company was authorized to levy an assessment only as a going institution and that its right ceased to do so when a receiver was appointed; that in any event the assessment was based upon mere estimates and did not allege sufficient facts; furthermore that under the provisions of the new insurance code that became effective July 1, 1937, any levy of assessments must be made by the insurance director and cannot be made by a receiver.

The appellate court held that under the circumstances the method employed by the receiver and the necessity for levying a 100 percent assessment were amply justified.

The policyholders also contended that the assessment was improper in that it treated all policyholders as a class, regardless of the type of policy held. The court dismissed this, saying that Central Mutual was writing only one class of insurance, that being automobile.

Ultimate Question

The ultimate question, according to the appellate court, is whether the court had the power to direct and approve the levy made by the receiver under the liquidation act of 1925. There was an absence in the former law of any provision specifying whether the insurance director or receiver should invoke the court's authority. After citing a number of cases, the court stated: "The salient fact that policyholders have contingent liabilities, contractual in their nature, assumed by them when they became mem-

(CONTINUED ON PAGE 30)

Texas Situation as to Insurance for Public Bodies

At the regional meetings of the Standard Accident in Texas the question arose as to school bus insurance. It was stated that the attorney general had ruled that school trustees were not allowed to use school money to purchase liability and property damage insurance for buses. This was particularly true where schools owned the buses. In case transportation was in the hands of outsiders they would have to protect themselves. There was no provision, it was stated, in the school budget for this insurance. Then the question arose as to the liability of school trustees themselves in case of an accident. Could recourse be had on them?

THE NATIONAL UNDERWRITER made inquiry of Executive Secretary D. G. Foreman of the Texas Association of Insurance Agents as to this particular situation. His reply is:

"There have been a number of opinions rendered by the attorney general's department in the past years covering the questions you set out. We find reference to an opinion dated Oct. 28, 1931 addressed to the state superintendent of public instruction, holding that the trustees of a school district are not liable for injuries sustained by pupils even though the injury is caused by defective equipment.

Situation is Confusing

"Also, we find reference to court cases to the effect that it is now the established law of Texas that the state is not liable for the torts or negligence of its officers, agents or servants engaged in the performance of a governmental function unless it has expressly assumed such liability by an act of the legislature. We find where cities are not authorized to purchase compensation insurance and the Texas prison system boiler insurance. In another we find where the state shall carry its own insurance in accordance with resolution as passed by the 37th legislature; but, also, do we find that if the legislature makes specific appropriation for the payment of insurance, then such insurance can be carried.

"In all these different opinions, that touch either directly or indirectly the questions you bring out, I would say that the attorney general's department has ruled that trustees of school districts are not liable in the absence of any insurance and are not authorized to buy any insurance covering third-party liability, this because of the absence of expressed authority by the legislature. The same would apply for all public insurance where the legislature has not expressly authorized it."

Mass. Bonding Has Good Gains

Net premiums written by Massachusetts Bonding in 1941 amounted to \$14,419,895, an increase of \$570,043 for the year. Net earnings were \$1,401,608. Surplus increased by \$203,959 and surplus to policyholders now amounts to \$6,812,314. There is in addition a voluntary contingency reserve of \$1,250,000. The loss ratio on an incurred basis, including loss expense, was 54.02 which was less than the previous year. The expense ratio was 40.34, which was just about the same. Assets were \$23,728,553.

Ohio Managers to Elect

The Ohio Association of Surety Managers will hold its annual meeting in Columbus Tuesday. This will mark the club's 10th anniversary. Speakers will include John H. Parks, Cleveland, first president, and Frank R. Middleton, Columbus, retiring president. There will be a dinner and entertainment.

Need of Insurance Education Rooted in Economic Changes, Fetzer Finds

The modern educational movement in the insurance business is much more deeply rooted than a fad, Wade Fetzer, Jr., vice-president W. A. Alexander & Co., Chicago, told members of the Casualty Underwriters Association of Chicago at a meeting there. This movement has its roots in basic economic factors, he said. The character of the movement reflects a rather fundamental change in the insurance business.

Compared with property the insurance business is extremely young. It came into being with centuries of accumulated demand, and in its early years selling did not constitute a problem. It was largely a matter of underwriting and investment. However, about ten years ago the accumulated past demand was more than met by the supply, and the sellers' market changed over to a buyers' market.

The whole problem of the insurance business's relations with the public, which is fundamentally the sales problem, has taken on an entirely new significance, Mr. Fetzer commented. Buyers are more selective, they want more for their money, and they are more critical of the thing that they buy and of the service which accompanies it. The weaker units in the insurance structure have been and are being bypassed and eventually will be eliminated.

Whole Profession Suffers

When the public reads or hears of a bungling job by a doctor, it not only loses faith in him individually, but to a certain extent in the whole profession, Mr. Fetzer said. This happens also in connection with lawyers, the clergy and so on. The position of all is driven down to some extent to the level of the one. This is certainly true in the insurance business.

It used to be, before supply had caught up with demand, that management was primarily interested in the quantity of representation. The character of that representation did not interest management so much. Often the advice assured got was incompetent; the agent was often without training or skill. Assured might discover that he did not have coverage, and claims were settled on a basis other than that held out in the sale. When these things happened assured lost faith in his individual insurance representation, and to a great extent in the business as a whole.

Consequently interest in education in the business has changed and is directed now toward a universal rather than an individual improvement. It is an interest in having competitors trained as well as associates. Those in the business have got to have the maximum confidence of the public to prevent a further "averaging down" in the public estimation caused by the actions of some.

It used to be that management took little or no particular interest in edu-

cation, there were no particular facilities set up to enable education, and those in the business had no standard of expectation as to what they should do in this respect. Members of other professions study throughout life. They deserve that special confidence of their clients which is the hallmark of professions like medicine, law, etc.

Development of Movement

Mr. Fetzer reviewed the development of the insurance movement, beginning with the Insurance Institute of America. Agents have begun to recognize the value of education, he pointed out. Tremendous attention is being given to three and four day schools over the country, and of these Mr. Fetzer is an enthusiastic advocate. However, in a business so complex, the public cannot be expected to have a great deal of confidence simply because its representatives spend three days a year going to school.

Progress in Life Field

The life insurance people woke up first to the need of a comprehensive educational program, and this movement now is following a well developed pattern. Management recognizes education as its definite responsibility. Educational departments are a recognized part of life companies. Life underwriters' associations devote themselves primarily to education.

In the fire and casualty business associations have existed largely for some particular battle, possibly one of agents with companies, brokers with agents, etc.

Some 13 or 14 years ago the American College of Life Underwriters was founded. This created a high goal for the business to shoot at, it established standards, issued advisory study programs, gave examinations and awarded degrees.

Public Relations Problem

The public relations problem of the fire and casualty business is no different from that of the life insurance people, Mr. Fetzer said. This phase of the business needs the same thorough educational program that the life men have developed.

He said that the American Institute of Property and Casualty Insurance, which is in process of formation, will set new standards of accomplishment and establish new levels of educational attainment. It will take a long time for the public to feel the effects, but more and more those in the business are being judged by the public on the basis of their education and ability. When the insurance business uses the same methods of raising the level of the average performance in its field as did the certified public accountants, lawyers, doctors, etc., it will be entitled to the same degree of respect from the public, Mr. Fetzer said.

Maryland Casualty Tells of Experience in Honolulu

The Maryland Casualty, in speaking of its general agency at Honolulu, Insurance Factors, Ltd., states that Japanese air raids caused no injury to members of the firm. H. A. Truslow is president of the agency. No reports of losses suffered by the company as a result of the raid have reached the San Francisco office, of which Sam L. Webster is resident vice-president. The Maryland Casualty has been represented in Hawaii since 1918, except for an interval of four years, 1921 to 1925. Insurance Factors, Ltd., has been general agent since July, 1929, its office being in the Stangenwald building in the heart of the business district of the city.

In writing about the business on the islands, Maryland Casualty says that the character of the different classes of indemnity has been generally the same type as written by any similar agency in the United States. Business in Hawaii needs the same form of protection as business in San Francisco, New York or any other city or town, says the Maryland Casualty. On the modern paved streets of Honolulu, automobiles are about as common as in any corresponding area of the United States. There is a large premium volume in workmen's compensation for industries on the islands and many fidelity and surety bonds are written.

Expect Amendment to N. Y. Page-Anderson Statute

ALBANY—The amendment to the new financial responsibility law to eliminate the requirement for reporting property damage accidents amounting to less than \$25 should go through the legislature without opposition. The motor vehicle department and all interested groups are convinced that reporting of these smaller accidents, where no bodily injury is involved, would entail needless and expensive complications. In fact, the motor vehicle bureau in setting up its new financial responsibility department has counted on the requirement being eliminated. Otherwise a great amount of additional space and equipment would be needed and the law would probably cost more than \$100,000 additional to administer.

The inclusion of the requirement for reporting all property damage accidents was in the original proposal of the bar association, the aim being to make the law as severe as possible so as to bring in the maximum number of motorists. Insurance interests were divided on whether certificates of financial responsibility should be required on property damage claims of less than \$100. The companies felt that a \$100 claim should be the minimum for which a certificate should be required while the agents felt that no property damage accident whatever should be a cause for filing a certificate. The agents' contention was that if the cumulative annoyance of a vast number of small claims which were too trifling to bring to court were not eliminated there would be a renewed demand for compulsory motor vehicle insurance. The \$25 figure as the minimum for which filing would be required was a compromise based on the views of all groups interested.

Nephritis Held Accidental

FRANKFORT, KY.—The Kentucky Court of Appeals upheld a \$2,000 judgment awarded Mrs. Fannie Milner in McCracken circuit court against Pyramid Life. The opinion said the woman's husband died of nephritis following face and hand burns in a fire in his home in 1939. He carried a \$1,000 policy, with double indemnity. The court declared medical testimony showed nephritis frequently resulted from burns and therefore the accidental death clause was effective.

King Brothers Advanced in Hooper-Holmes Bureau

NEW YORK — Directors of the Hooper-Holmes Bureau elected as vice-presidents, Edward King and J. Charles King, sons of President John J. King. Both of the new officials have been importantly identified with the organization for a number of years, Edward King having been secretary-treasurer since 1930, and in charge of operations since 1936, all duties of which he will continue to direct; while J. C. King, director of sales for the past six years, will retain such post in addition to his executive duties.

Vice-president B. H. Bratney of Maryland Casualty is visiting the Los Angeles branch office.

Air Raid Cover for Those Attending Coast Convention

SAN FRANCISCO — To reassure those attending the meeting of the American Association of School Administrators in San Francisco, Feb. 21-26, there has been placed with London Lloyds a policy providing \$5,000 death benefit for any member who might be killed in an air raid during the convention. The rate is 30 cents per delegate for the six-day period.

Larger and more convenient quarters are now being established at 315 Montgomery street, San Francisco, by Reginald G. Moss, manager Pacific Coast department Association of Casualty & Surety Executives.

Propose New Method of Plate Glass Rating

NEW YORK—Members of the plate glass division of the National Bureau of Casualty & Surety Underwriters will review a suggested change in present rating practice. Under the proposed plan, there would be made a survey of lights within a restricted area of some typical city; rates being prepared for lights on corner stores, and those in the centers of blocks, with the former being charged a higher rate than the latter. Department stores with large lights would form a separate class and be rated accordingly. The results will then be projected on a nationwide basis.

Criticisms of Department Are Heeded, Sayer Reports at N. Y. Board Gathering

NEW YORK — General Manager Henry D. Sayer at the annual meeting of the Compensation Insurance Rating Board here summarized the investigation by the department of the payroll audit procedure and underwriting practices in companies writing compensation in New York, which investigation, financed to the extent of \$75,000 by the carriers, extended over 12 months. As a result of the study formal charges were lodged against 15 companies for various law violations, and in certain cases substantial penalties assessed.

The investigation into payroll auditing, disclosed that nearly \$500,000 additional premiums were due on some 100 test risks; the examiners stating "These discrepancies could have been revealed had records been properly scrutinized."

Mr. Sayer said the recommendations of the examiners "should have the thoughtful consideration of all responsible executives." Regarding that feature of the department report dealing with equity rating of risks partly in New York and partly in other states, Mr. Sayer said it, too, has been taken up and "is being considered by the rating organizations having jurisdiction to act."

The withholding of facts and relevant data or the filing of false material with the board is a practice, Mr. Sayer asserts, that cannot be condoned for, he adds, "the very basis of scientific and accurate rating is the full and truthful reporting of all pertinent data."

Great American Reserve Rally

DALLAS—C. C. Martin, Dallas, was continued as president of the Wallace Club, production club of Great American Reserve of Dallas, as its leading personal producer, it was announced at the agency convention in Dallas. E. C. Carter, Floydada, was installed as vice-president. Earl Combest is secretary of the club.

AVAILABLE

QUALIFIED SAFETY ENGINEER

Young man, 30, married, class 3A, B.S.M.E. Armour Institute of Technology (now Illinois Institute of Tech.), experienced in personnel work and problems, desires a connection with an insurance company. Good knowledge of industrial safety engineering and workmen's compensation. Three years with Sears, Roebuck. Being given leave of absence due to lack of materials. Address P-4, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

A progressive Mutual Automobile Insurance Company, writing standard risks and maintaining a market for sub-standard risks, has territory open in Illinois for exclusive agency contracts for financially responsible agents in cities of over ten thousand population. Address P-7, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

EXPERIENCED FIRE AND CASUALTY MAN WANTS POSITION

Field or Adjusting. Reply P-5, The National Underwriter, 175 West Jackson Blvd., Chicago, Ill.

Surety Men Assert Selection Is Made Against Companies

Surety men oftentimes are exasperated regarding the attitude of the government in so-called defense contract bonds. Evidently if the government has confidence in a contractor that he will carry through his work without much difficulty, no bond is required. For instance, the big order that the International Harvester Company received last week for tanks carried no bond for fulfillment of the contract.

Performance bonds however are required where the government is dubious. Surety men feel, therefore, that they are getting the rough end of the bargain all along and hence they are not inclined to go out of their way to issue bonds where the government requires them because the selection is against the companies. Furthermore the rate now is down very low so there is not much chance of making any great profit on this government work. Surety men as a rule are getting rather hard hearted, taking the position that if the government shuts them off on desirable contract bonds they do not feel it their duty to respond with alacrity when bonds are required for doubtful contractors.

Fidelity & Casualty Field Men in Southeast Meet

Field men of Fidelity & Casualty in southeastern states held their annual conference in Atlanta for three days. Five executives attended from the home office. L. C. Adair, resident manager in Atlanta, presided. Production plans were discussed and the work programmed. Lines taken up included bonds, accident and health, comprehensive liability, retrospective rating of workmen's compensation, boiler and machinery coverages.

James DeMouy, Atlanta, spoke on automobile liability, expressing belief the line would hold up well this year if not outstrip the volume last year, when premium income was the largest in history for Fidelity & Casualty.

Those from the home office were: Vice-president M. J. O'Brien, Secretary W. L. Bates, Secretary F. E. O'Brien, Assistant Secretary H. S. Robinson, W. J. LeMunyon, manager survey department; T. G. Hendricks, boiler and machinery division; J. R. O'Malley, accident and health department; E. H. Luecke, bond department, and Douglas Tucker, formerly of Atlanta, superintendent of surety claims. A special luncheon was given at which local agents were guests.

Non-Bureau Rate Changes in Ia.

DES MOINES—Non-conference and mutual casualty companies in Iowa are revising their auto P. L. and P. D. rates as a result of the recent changes announced for Iowa and other states by the National Bureau.

Most of the companies are keeping about the same distance under conference companies, although it is expected that some will go as close as within 5 percent on some lines. The increase on the part of non-bureau companies will be fairly uniform.

One of the first to announce a new rate card was Allied Mutual Casualty with P. L. and P. D. rates approximately 15 to 25 percent under conference. Rates on all but new models for collision will be 10 percent under manual. Allied has dropped plans to classify drivers into three groups for different rates. Employers Mutual Casualty which raised its rates to from 10 to 20 percent under conference, will continue its two driver classification.

A. A. Veigel, for 49 years with the Hartford Steam Boiler in Cincinnati, has retired.

UNUSUAL RISKS are not *unusual* with Indemnity

Indemnity has the experience and facilities to render you the type of service you are looking for, no matter how unusual the problem. Indemnity is solving such problems every day. We're equipped to handle unusual types of general liability or contract to cover all business needs.

Agents of Indemnity Insurance Company of North America are being backed by a powerful Plan of Organized Selling, designed to increase their profits in 1942.

The first selling aid is a practical Sales Kit, packed with ideas, suggestions and actual material to help sell Personal Insurance in January and February.

At regular intervals throughout the year one class of insurance is made the sales objective, and the Agent gets a specially prepared kit to aid him in this intensive, specialized selling. You will be interested in learning all about the Plan.

CASUALTY FIDELITY SURETY



Indemnity Insurance Company of North America

PHILADELPHIA

and its affiliated companies write practically every form of insurance, except life.

CAPITAL \$2,500,000

ACCIDENT AND HEALTH

Coordinating Committee for A. & H. Proposed

A proposal for the creation of a central coordinating committee, representing all branches of the Accident & Health Insurance business on a year-round basis as the Accident & Health Insurance Week general committee does for that special function, was approved by the general committee at its meeting in Chicago last week.

It was presented in the report of the special research committee composed of representatives of various accident and health organizations and headed by Fred M. Walters, General Accident, Philadelphia, which has been considering for nearly a year the best method of making more widely effective the co-operative effort that has been so successful in connection with accident and health week.

It was the idea of the research committee that this central committee could carry on throughout the year the publicity and educational work which has been developed in connection with Accident & Health Week, promote greater cooperation with the medical profession and function in connection with other matters in which all classes of companies are vitally interested. It is probable that conferences will be held in the very near future between representatives of the various groups that would be affected, to decide whether such a plan is practical and feasible.

The general committee also approved a program prepared by C. Norman Green, Hoosier Casualty, Indianapolis, outlining in detail a five-day Accident & Health Week observance, adaptable to any community, publicizing the value of accident and health insurance to the American home. Complete details will be available shortly to all Accident & Health Week committees of local associations.

Aetna Life A. & H. Policies Revised

Aetna Life has completely revised and rephrased its accident and health policies, mainly with the idea of securing greater clarity and making it clear by a "yes" or "no" answer on every policy whether or not coverage is given.

In the total disability provision, the phrase, "directly and independently of all other causes," has been eliminated. Partial disability must now be "continuous" and prevent insured from performing "an important daily duty" pertaining to his occupation, instead of "one or more."

Several new items are added in the elective indemnity section. In the exclusion section the necessity for attaching a pyogenic infection rider is eliminated by inserting the phrase "by disease or infection (except pyogenic infection) which shall occur through an accidental cut or wound."

The new forms have eliminated about 15 riders which have been necessary in many instances. The phrase which stipulated that failure to comply with any or all provisions would vitiate the contract has been eliminated. It was felt this was too drastically phrased, as it virtually challenged the policyholder to make absolutely no error, under possible penalty of not receiving indemnity.

Kentucky Central Dividend Higher

Kentucky Central Life & Accident of Anchorage has paid a dividend of \$2 a share which is an increase of 50 cents over the former declaration.

Continental Cas. Advances Three in A. & H. Department

Continental Casualty has made three major promotions in the agency staff of its accident and health department.

Walter B. Greig, who has been superintendent of the railroad accident and health department, was elected assistant vice-president, in which position he will have executive charge of railroad department operations.

Frank E. Mueller, previously head of production of the commercial department, has been made superintendent of agents of that unit. At the same time, George W. Fitzsimmons was made superintendent of agents of the disability division with which he has been associated as agency secretary since 1936.

These promotions are in line with the company's policy of elevating able men from the ranks. Mr. Greig, a veteran, joined the company as stenographer to the vice-president in charge of the railroad department in 1917. Within a short time, he won a sales position with the railroad department agency staff, and earned increased responsibilities.

Both Mr. Mueller and Mr. Fitzsimmons came from agency ranks after first demonstrating their ability to sell. Mr.

Mueller became a company man in 1935, when he was given an educational and sales promotion post in the Chicago branch. In 1936, he was brought to the home office as agency secretary, commercial department, advancing to superintendent of production in January, 1940. Mr. Fitzsimmons brought attention to himself as an A. & H. agent at Minneapolis and was brought to the home office as a disability division field supervisor in 1935.

B. M. A. Moves Sharply Ahead

Business Men's Assurance has now issued its annual statement showing assets of \$29,588,122, which is a gain of \$7,649,279 for the year. Capital is \$1,000,000 as compared with \$500,000 the previous year, contingency surplus is \$400,000 as compared with \$300,000 and general surplus is \$1,171,383 as compared with \$1,143,512. The surplus to policyholders is \$2,571,383 as compared with \$1,943,512, or a gain of \$627,871. Life insurance in force amounts to \$152,491,802, a gain of \$26,069,279. The income was \$8,378,269, a gain of \$991,810.

Of the insurance in force \$17,037,995 came from reinsurance of Liberty Life and \$4,812,153 of the assets were acquired in that way.

Suspend Licenses in Virginia

RICHMOND—Licenses of Maurice A. Costello and J. C. Knight as agents of Inter-Ocean Casualty in Virginia have been suspended by the State Corporation Commission. They entered pleas of guilty to charges involving

collection of fees and misrepresentation of contracts. Mr. Costello's license was suspended through July 14 and Knight's until March 23. Allen G. Dorin, operating as the Virginia State Agency, agent of Inter-Ocean Casualty, with which Mr. Costello was formerly associated as a co-partner, was let off with a severe reprimand and ordered to adopt "some other name for his agency less likely to mislead the public."

Rules on Old Pac. Mut. Policy

MADISON, WIS.—Federal Judge Stone has dismissed a suit for \$15,000 by Joseph A. Padway, chief counsel for the American Federation of Labor, against Pacific Mutual Life. The suit was brought under two accident and health policies which the attorney claimed contained a noncancellable clause. He contended that he had not been represented in the reorganization of Pacific Mutual. Judge Stone ruled that the reorganization of the company was in the public interest and that Padway had been given a hearing through "class representation," provided for the entire group of non-cancellable policyholders.

B. M. A. Rally in Kansas City

In connection with the mid-year meeting of the National Association of Accident & Health Underwriters Business Men's Assurance held a meeting in Kansas City Monday of its leading producers, with about 100 in attendance from 13 states, from Ohio to Washington.

At the morning session, the heads of the various home office departments explained the work of their divisions. The party then attended the National association meeting. A dinner session was held at which W. M. Jones, Salt Lake City manager, spoke and a question box session was held to take up questions that had been submitted in the morning.

Eyes U. S. Health Insurance

DENVER—Speaking before the annual congress of the Denver Health & Accident Association here last week, Commissioner Kavanaugh declared that while not taking a stand against the proposed recommendation for expansion of social security benefits for health and accident insurance, it was something every insurance man should study carefully, as the effects would be so tremendous as to be beyond the grasp of the ordinary layman; the cost staggering to the imagination. In Denver alone 100,000 would receive this form of insurance.

Plan All-State Congress

SEATTLE—Plans for the all-state sales congress, to be held here during Accident & Health Week, March 23-28, were discussed at the luncheon of the Seattle Accident & Health Managers Club. Plans were also discussed for Hoodoo Day, Feb. 13.

Mutual Benefit Passes 22 Million

Premium income of the Mutual Benefit Health & Accident in 1941 was \$22,254,221. In 1940 it was \$17,779,028. The actual amount paid in claims (expenses not included) was \$10,144,251, giving a loss ratio on a cash basis of 45.58 percent, as against 45.22 percent in 1940.

McDowell on Philadelphia Card

George L. McDowell, group accident and health supervisor of Commercial Casualty and Metropolitan Casualty, will speak Feb. 5 at a luncheon meeting of the Philadelphia Accident & Health Association on group disability insurance.

Two in Defense Bond Work

Frank Kuhl of the Treasury Department announced the appointments of D. T. MacLeod of Travelers as chairman of the payroll allotment committee for Wisconsin for the defense savings committee, and Lester J. Bradshaw, Jr., of the Fidelity & Casualty as chairman of the speakers bureau for Wisconsin.

A. & H. Solidarity Is Demonstrated



Center section of head table at Accident & Health Executives Dinner in Chicago. Left to right: Lt. Col. J. A. Killian, U. S. Army; C. F. Lundquist, Fred S. James & Co., Chicago, president Chicago Accident & Health Association; Lt. Roger Q. White, U. S. Navy, and John M. Powell, president Loyal Protective Life and president Health & Accident Underwriters Conference.

The basic solidarity of the accident and health insurance business, despite the varied interests represented in it, was again demonstrated by the second Accident & Health Executives dinner sponsored by the Chicago Accident & Health Association. It was fully as successful as the initial observance last year, when for the first time in the history of the business representatives of all those interests were brought together for an evening of fellowship.

The idea of solidarity was further emphasized this year by the fact that the dinner honored the chief executives of the six organizations in the accident and health field. Seated at the head table were W. F. White, Eagle, Globe and Royal Indemnity, chairman of the governing committee of the Bureau of Personal Accident & Health Underwriters; John M. Powell, Loyal Protective Life, president Health & Accident Underwriters Conference; Godfrey M. Day, Connecticut General Life, president International Claim Association; Currie C. Chase, Iowa State Traveling Men's, president International Federation of Commercial Travelers Insurance Organizations, and Clyde E. Dalrymple, Preferred Accident, Milwaukee, president National Association of Accident & Health Underwriters. H. T. Dobbs, Industrial Life & Health, president Industrial Insurers Conference, who was also to be one of the honorees, was unable to attend and was

represented by George R. Kendall, president Washington National.

The defense note was introduced in the opening remarks of C. F. Lundquist, Fred S. James & Co., president of the Chicago association, who presided, when he said that accident and health insurance will play its full part in national defense, "if you and I do the job we have to do as well as it should be done." Mr. Lundquist paid especial tribute to the committee in charge of arranging the dinner headed by Harold R. Gordon, executive secretary, Health & Accident Underwriters Conference.

The defense angle was further accentuated by the fact that Lt. Roger Q. White, United States Naval Reserve, in charge of the public relations office in Chicago, was the only speaker and the presence at the speakers' table of Lt. Col. J. A. Killian of the United States army, sixth corps area.

The attendance at the dinner was greatly augmented by the series of accident and health meetings held in Chicago last week. Agency men of accident and health companies met there Wednesday to form the new Agency Council, the Health & Accident Underwriters Conference held its mid-year meeting Thursday and the general committee in charge of Accident & Health Insurance Week had its final meeting of the year in that city on Friday.

COMPENSATION

Holds R. I. Act Covers Those Injured by Act of War

PROVIDENCE—Using as a precedent the fact that workmen's compensation benefits were allowed workmen injured in the hurricane of 1938, E. I. Friedman, chief of the state division of workmen's compensation, makes the pronouncement that workmen injured by an act of war while at their work are entitled to compensation under the Rhode Island compensation act. He says:

"The workmen's compensation law will cover a workman who is injured or killed by an act of war while he is engaged in his regular occupation. If he is on special duty by the instruction of his employer, protecting the employer's interest, he would still be covered."

N. Y. Fund Premiums \$23,000,000

Written premiums of the New York State Insurance Fund amounted to \$23,014,120 last year which was a new record figure. The 1940 premiums were \$21,898,100.

Wis. Industrial Accidents Decline

MADISON, WIS.—Industrial accidents in Wisconsin have decreased from 126 a day in August to 96 a day in December although employment in manufacturing increased during the same period from 270,000 to 295,100.

Compulsory Bill in Rhode Island

PROVIDENCE, R. I.—A compulsory automobile liability insurance bill has been introduced in the Rhode Island house of representatives.

ASSOCIATIONS

Zinn Elected President of Milwaukee Casualty Men

MILWAUKEE—Bert F. Zinn was elected president of the Milwaukee Board of Casualty & Surety Underwriters at the annual meeting. He succeeds Theodore Johnson, R. R. Elsner Agency, who was nominated for reelection but withdrew because of demands on his time by business activities. Lloyd Goan, Soevig & Hiscox agency, was elected vice-president. A. A. Veitenhaus, Dick & Reutemann Co., who had filled the unexpired term of Wm. F. Koch, was elected treasurer. Robert C. Pittelkow, is filling the unexpired term of Robert Ebert as secretary, pending appointment of a successor by the new directors. Named to the board were Rudolph A. Laub; William M. Wolff, resident vice-president Fidelity & Deposit and R. C. Pittelkow, for three years, and Theo. S. Johnson to fill an unexpired term. Reports were made by officers and committee chairmen.

Anson Walker Perkins, New York Life, Kenosha, Wis., who accompanied Admiral Byrd on his first antarctic expedition in 1927-'28, spoke.

Detroit Adjusters Elect Rodger as President

DETROIT—A. B. Rodger, Continental Casualty, was elected president of the Detroit Adjusters Association at the annual meeting. He succeeds G. W. Fagerlin, chief adjuster New Amsterdam Casualty. Mr. Rodger was vice-president last year.

Joseph Coskey, adjuster Hardware Mutuals, becomes vice-president and W. D. Buchanan, Employers group, was elected secretary-treasurer, replacing Paul Ricker, Michigan Mutual Liability.

ing Paul Ricker, Michigan Mutual Liability.

Retiring President Fagerlin reviewed activities of 1941, when membership rose to 125. A surplus was accumulated, and \$50 was donated to the Red Cross.

State Farm Will Ask for Rehearing in Wis. Case

State Farm Mutual Automobile, which lost its litigation with Commissioner Duel in Wisconsin to secure a license when the supreme court upheld the commissioner, will file a petition for rehearing on or before Feb. 2. The court held that State Farm's method of selling automobile insurance with an initial payment of a life membership fee, which is not treated as a premium and on which no reserves are set up, does not conform with the Wisconsin laws.

State Farm has more than 20,000 members insuring automobiles with it in Wisconsin.

Medical Payments in Minnesota

ST. PAUL—Insurance Commissioner Johnson has authorized companies writing automobile liability insurance to make individual application for permission to write medical payments insurance, under conditions similar to those in other states. Forms and rates must be filed for approval and coverage may be added to existing policies on a pro rata basis only. Experience must be segregated, but payments which would have been made as first aid under liability insurance must be charged to automobile liability experience.

It is expected that virtually all companies will apply to write this coverage.

Must File Forms in Minnesota

ST. PAUL—In a move to stop the issuance by casualty companies of poli-

cies, riders and endorsements not authorized by Minnesota laws, Commissioner Johnson has ordered all casualty companies to file on or before Feb. 16 all forms of policies, riders and endorsements now being issued by them in Minnesota and that hereafter all such forms shall be submitted to the department before they are issued.

The commissioner also issued a ruling that no policy rider or endorsement form will be accepted for filing which contains a provision limiting the time within which legal proceedings may be instituted against the insurer by the insured to a period less than two years.

Am. Auto Ill. Rate Changes

American Automobile has filed a revised schedule of P. L. and P. D. rates in Illinois. The new rates for Chicago compared with the previous schedule for both coverages are: Class A-1—W and X classes of cars, \$28.75; Y class cars, \$34.55, compared to the new schedule of \$29.90; Class A—W and X classes of cars, \$32.65; Y class cars, \$39.15, compared to the new rate of \$34.75; and Class B—W and X classes of cars, \$39.60; Y class cars, \$47.50, compared to the new rate of \$43.20. Comparable modifications have been applied in other Illinois territories. The Illinois department recently abolished differentials for cars in classes W, X and Y, based on new car price ranges.

Allstate Has New Rate Setup

Allstate has decided on its new auto P.L. and P.D. rate setup. It has decided to adopt the A-1 classification which it has hitherto not used. It will discount the respective classification rates 15 percent on the B classification and 10 percent on the A and A-1. This is slightly at variance with what some of the other independents are doing but it is not far off. In addition, it will allow a 15 percent merit rate credit on renewal premiums.

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CHANGES IN CASUALTY FIELD

Gibbons, Barrows to Higher Posts in American Surety

NEW YORK — James E. Gibbons who has been engineer in the contract bond department, was elected vice-president of American Surety and John C. Barrows of the accounting department is advanced to deputy comptroller. Mr. Gibbons joined American Surety in 1938, after extended general engineering experience, while Mr. Barrows' association dates from 1932, when he was employed after graduating from the Harvard graduate business school.

F. & D. Promotions in Branch Offices

BALTIMORE — Fidelity & Deposit has made several promotions in the field.

Leonard D. Jensen, formerly assistant manager of the agency department at the home office now is manager of the Kansas City branch, which office is under the active direction of Resident Vice-president Baxter C. Brown. William M. Kroll, formerly assistant manager of the Washington branch, becomes manager there. Joseph A. Bach of the Brooklyn branch, becomes assistant manager of that office. Maurice K. Ramsey, formerly special agent at Kansas City, now is assistant manager there. Mr. Jensen joined F. & D. in 1927 as court bond solicitor in Washington. He previously was with the department of justice in Washington. In September, 1930, he was transferred to the Chicago branch as special agent. Four years later he was promoted to assistant manager at Indianapolis. In 1936 he went to the home office as a special representative of the agency department, and three years later was made an assistant manager.

Mr. Kroll has been with F. & D. 18 years, starting as court bond solicitor in Washington. In May, 1930, he was transferred to New Orleans as a special agent and two months later was promoted to assistant manager. In 1938 he came to Washington as assistant manager.

Mr. Bach, brother of President Frank A. Bach, joined the F. & D. Brooklyn branch in January, 1938. He had been with the company offices in Detroit and Dallas and had also served for three years as an underwriter in the contract department at the home office.

Mr. Ramsey joined F. & D. at Kansas City as clerk. He became manager of

Chicago Manager of American Casualty

Andrew A. Konitzer has assumed his new duties as manager of American Casualty in Chicago.

Mr. Konitzer, who replaces Edward Morse, now manager of Manufacturers Casualty, has had a number of years experience in the casualty production and management field. Assistant manager of Standard Surety & Casualty's casualty department in Chicago for eight years, he was for 10 years with the casualty department of Fred S. James & Co. Mr. Konitzer will have jurisdiction over Indiana, Illinois and Eastern Iowa, including Des Moines, for American Casualty.



A. A. Konitzer

the burglary department, and for the last several years he has been special agent.

Munson Underwriter in Chicago for Royal Indemnity

Cecil E. Munson, for six year underwriter for Ocean Accident in its Pacific Coast department, San Francisco, has gone with the Chicago branch office of Royal Indemnity as chief underwriter.

Before joining Ocean Accident, Mr. Munson was in the local agency business with his father, C. W. Munson for several years at Republic, Mich., the M. & M. agency.

Mr. Munson succeeds W. E. Pinholster, who resigned to go with the Hardacre agency at Jacksonville, Fla., his home town.

About 25 of Mr. Pinholster's associates in the Chicago office tendered him a luncheon Monday and presented him with an inscribed wrist watch. E. I. Fiery, Chicago manager, officiated. Mr. Pinholster left for Jacksonville Tuesday morning.

Jamar Named Manager of New Minnesota Branch

Employers Mutual Casualty of Des Moines will open a branch service office at Minneapolis to serve Minnesota, President J. W. Gunn announced. M. H. Jamar, an outstanding representative in northwest Iowa, will be manager of the new office which is to be located in 1014 Northwestern bank building, Minneapolis.

Mr. Jamar is widely known in the casualty field. For several years before joining Employers Mutual he was with Aetna Casualty. For a time he was chief casualty underwriter and later special agent for Iowa and Nebraska. He joined Employers Mutual in 1939 in the underwriting department and later went into field work.

Other members of the Minneapolis staff will be E. C. Finn, heading the underwriting department, and Joe Elliott, claim department head. All underwriting and claims for Minnesota will be handled through the new office.

General Reinsurance Names Two Assistant Secretaries

General Reinsurance has elected Alan E. Boles and Donald E. Bryant as assistant secretaries.

Mr. Boles, a son of Edgar H. Boles, president of the company, joined General Reinsurance in 1937, after being with Travelers six years, first in Hartford and later in Worcester, Mass. He was graduated from Yale in 1929.

Mr. Bryant has been with General Reinsurance since 1929. He holds the B. S. degree in economics from the school of commerce of St. John's University and the LL.B. degree from the school of law. He is a member of the New York Bar.

H. E. Thomas in New Work

Howard E. Thomas, Chicago and Cook county special agent of Royal and Eagle Indemnity for the past year, has joined the Irvin Jacobs Company, mortgage and loan house at 105 South LaSalle street, Chicago, to be connected with the insurance department. Mr. Thomas was with the W. A. Alexander & Co. agency of Chicago for 13 years in casualty field work, prior to joining the Royal organization.

W. I. Dillon with Utilities

William I. Dillon, who has been connected with the liquidation division of the Illinois insurance department in Chicago since Chicago Lloyds was placed in receivership, has now joined

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FIRE AND LIFE
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General Buildings

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Utilities of St. Louis in an executive capacity. Mr. Dillon was assistant treasurer of Chicago Lloyds.

Smiley with Smelker-Withers

Edward E. Smiley, state manager of Central Surety in Texas, has resigned effective Feb. 1 to become associated with the Smelker-Withers & Co. of

Beaumont, Tex., general agency for Central Surety.

Whitman to Los Angeles

LOS ANGELES—Lloyd Whitman, formerly of Washington, D. C. branch of Aetna Casualty, has been transferred to Los Angeles as special agent specializing on bonding lines.

FIDELITY AND SURETY

Wide Discretion Enjoyed by Various U. S. Departments

NEW YORK—Surety people have been interested in the extension of powers given the President and delegated by him to various government departments, delegated originally under executive order 9001 and extended under executive order 9023. Under the war powers act, approved Dec. 18, 1941, to expedite the prosecution of the war effort, the President "may authorize any department or agency of the government exercising functions in connection with the prosecution of the war effort, in accordance with regulations prescribed by the President for the protection of the interests of the government, to enter into contracts and into amendments or modifications of contracts heretofore or hereafter made and to make advance, progress and other payments thereon, without regard to the provisions of law relating to the making, performance, amendment, or modification of contracts whenever he deems such action would facilitate the prosecution of the war."

Affords Wide Latitude

This action in effect gives government departments concerned wide discretion in their requirements for contractors of government work. The first executive order extended these discretionary powers to contracts of the War department, Navy department, and the U. S. Maritime Commission. The second executive order includes the Treasury department, Department of Agriculture, Federal Works Agency, Panama Canal, Government Printing Office, and the National Advisory Committee for Aeronautics.

The War department has authorized its field procurement agencies and district engineers offices to award contracts up to \$5,000,000 without further authority or approval from Washington. The top has previously been \$50,000.

With respect to supply contracts, the Undersecretary of War has authorized the chiefs of supply arms and services to make advance payments up to 50 percent (previously 30 percent) on contracts under \$5,000,000. They have power to delegate this authority to their field offices.

Advance payments to prime contractors are limited generally to 30 percent of the contract total, but in cases where subcontractors need financial assistance, this limit may be increased to 50 percent of which 20 percent may be advanced to the subcontractor.

It is understood that some contractors have had difficulty in financing themselves in undertaking government work.

Surety Business Hits Soft Spot; Revival Seen

The surety business has now hit a soft spot insofar as new business is concerned, most offices report. The dol-drum is attributed to the fact that the government is waiving surety bond requirements in connection with negotiated contracts with those firms that are in first class financial condition. A good deal of the bond business that is being submitted these days, company men

complain, is of a substandard nature, whereunder the firm is just coming out of a financial reorganization or is affected by some other doubtful condition. It is indicated that contracts for the construction of new cantonments will be awarded on the basis of competitive bidding which would mean that surety bonds would be required and that would tend to revive the surety business.

Employe Investigation Is Highly Valued These Days

Agents find that the employe investigation service of surety companies has a special appeal these days to many firms. It is always a valuable feature of a fidelity bond but it is exceptionally important these days when employers everywhere are being forced to relax their standards and requirements for employment. Many employers face a somewhat desperate situation, they need help and they may be disposed to consider an applicant about whom they may have some reservation and whom they would reject in ordinary times. Moreover the employers are more inclined these days to make a quick decision and take a man who may be available without making as thorough an inquiry as in normal times. There is a heavy turnover and the employer does not have the same knowledge of his organization that he does in ordinary times. Hence he welcomes the close scrutiny that is made of employes by the bonding company, as, of course, he does desire to know of any really shady past of any employe.

Tells Work of U. S. in Handling Bank Crimes

NEW YORK—After outlining the jurisdiction of the department of justice in connection with crimes against banks, C. M. Tyner, special agent of the department, in a talk at the Surety Claim Men's Forum here, told of the methods employed once a loss to a bank had been reported. The department, he said, works in close cooperation with the interested surety company. The claim men declared their intention to give continued support to federal men in tracking dishonest losses, notably during these days when the services of the department of justice men are so necessary in connection with war work.

Gosselin and Hally Speak

Another speaker was A. L. Gosselin, manager of the investigation department of the New York Stock Exchange, who told of its activities. "Contract Bonds" was the subject of a talk by M. J. Hally, United States Fidelity & Guaranty.

At the meeting Feb. 4, Wilson Taylor of Hartford Accident, will discuss "Security Bonds," and W. E. Reilly, Royal Indemnity will consider "Trading Losses on Brokers Blanket Bonds."

Luther New President of St. Louis Association

ST. LOUIS—E. A. Luther, manager National Surety, was elected president of the Surety Underwriters Association of St. Louis at the annual meeting. He succeeds J. E. Craig, surety manager Aetna Casualty, who was named on the executive committee. Mr. Craig, who has been ill, had recovered sufficiently to return to his desk and attended the

meeting. Until he recovers his strength he is taking things easy.

Other officers are: Vice-president, O. L. Curtis, assistant manager, American Surety; secretary-treasurer, C. J. Crockett, surety manager Maryland Casualty, re-elected.

Elected on the executive committee are: J. E. Auckley, assistant manager U. S. F. & G.; F. H. Doegnes, manager Fidelity & Deposit, and W. W. Peterson, manager Standard Accident.

Discuss Milk Dealers Bond

LOS ANGELES—The Surety Underwriters Association of Southern California at a meeting discussed the milk distributors bond situation and a questionnaire on the experience of the members. The rules and regulations for bail bond brokers, promulgated by the insurance department were referred to.

Negotiate Bonds Via Plane

LOS ANGELES—Del E. Webb Construction Company, Phoenix, Ariz., has been awarded \$2,387,306 contract on the U. S. Army project at Florence, Ariz. The Los Angeles branch of Maryland Casualty wrote the bid bond and also executed the performance and payment bond. All the transactions for the bonds were handled between Los Angeles, Ariz.

Phoenix, where the bids were opened, and Albuquerque, N. M., via air planes, making it one of the speediest bond transactions here for a long time.

Sue on Supply Bond

BRISTOL, R. I.—Suit has been brought against American Surety by the town of Bristol on a bond guaranteeing delivery within 90 days of a new pumper for its fire department through delays caused by priorities or defense demands. The Mack Motor Company was not able to deliver the ordered apparatus on time.

R. I. Requires Annual Bonds

PROVIDENCE, R. I.—The attorney-general has held that public official bonds must be upon an annual basis, instead of covering for the term.

Ohio Notary Law Helpful

COLUMBUS, O.—It is expected that claim men and other company employes will generally take advantage of the new Ohio law on notaries public. It permits attorneys to be commissioned for the entire state, instead of for the county of residence only, at the same fee and under the same conditions.

What should an Agent expect from a Company?

First, he should expect that his company will back him all the way under the terms of the policies he writes . . . He should expect a claim department that settles claims quickly, courteously, satisfactorily . . . He should expect the company to be strong enough to fulfill all obligations assumed under its policies. Finally, he should expect ADEQUATE COMMISSIONS FOR HIS EFFORTS.

If you are on the lookout for a company which guarantees complete underwriting facilities, why not find out what Ohio Casualty has to offer? A postal card will bring full details.

THE OHIO CASUALTY INSURANCE COMPANY

Home Office - Hamilton, Ohio

NEWS OF THE CASUALTY COMPANIES

Aetna Casualty Premiums Up 19%

Premiums of Aetna Casualty in 1941 amounted to \$44,524,689 or an increase of about 19 percent. Net interest and rents amounted to \$1,791,354 and there was an underwriting profit of \$2,738,210. Premium reserve increased from \$19,141,003 to \$20,655,877. Assets increased from \$70,999,579 to \$78,947,582 and net surplus from \$19,229,608 to \$21,235,702.

The accident and health premiums of Aetna Life amounted to \$18,300,407 as compared with \$13,747,148 in 1940 or an increase of better than 33 percent. In Aetna Casualty, as well as in all companies of the Aetna Life group, there has been added to contingency reserve an amount equal to the fall in market value during December of securities carried at market and valued at Dec. 1, instead of Dec. 31 prices, in accordance with the commissioners' standard.

Assets of Aetna Life went up \$61,990,256 to \$778,237,039. Surplus is \$27,802,730, an increase of \$2,621,409. Total premiums of the Aetna Life group increased last year \$28,170,156 to \$193,110,867. Each unit in the group showed an increase.

Continental Cas. Sets New Records

New premiums written by Continental Casualty in 1941 amounted to \$28,030,709 or an increase of \$2,658,415. That was an all time high record. Assets and surplus to policyholders were also at a new high at the year end. The assets now amount to \$45,144,659, as compared with \$40,097,449 the previous year. Premium reserve is \$10,905,579, an increase of about \$500,000. Claim reserve is \$17,157,101, as compared with \$15,651,322. Capital is \$2,500,000, as compared with \$2,000,000 the previous year and net surplus is \$10,039,999. Surplus to policyholders is \$12,559,999 as compared with \$9,919,669 the previous year.

Last March an additional 100,000 shares of stock were sold which resulted in an increase of \$500,000 in capital and a net increase of \$1,884,200 in surplus. Operating profit was \$1,477,094. There was paid to stockholders during the year \$720,000. The holdings of cash and U. S. government obligations amount to \$23,649,195.

The affiliated Continental Assurance also made an all time high record as respects assets, surplus, premiums written and paid for insurance in force.

Employers Mut. Liability Figures

Employers Mutual Liability of Wisconsin set new records in 1941 in premium income for all lines, assets and policyholders' surplus.

Premium income was \$21,052,675, an increase of \$6,101,116, or 40.96 percent over 1940.

Assets now exceed \$27,500,000, compared with \$22,161,706 a year ago. The company's premium volume on workmen's compensation exceeded its previous high, established in 1940, by 44.9 percent. Dividends to policyholders also reached an all-time high.

Yost Is Director of Am. Bonding

BALTIMORE—John G. Yost, first vice-president of American Bonding, has been elected a director. Mr. Yost also is a vice-president of Fidelity & Deposit, with which the American Bonding is affiliated. He has been connected with the F. & D. since 1903 and is one of the most popular and best-known insurance executives in the country.

U. S. F. & G. Makes Strong Showing

United States Fidelity & Guaranty in its new annual statement, reports premiums \$39,248,350, which was an increase of \$4,881,064 or 14.2 percent over the 1940 record. The largest increase was in compensation. The total of losses, expenses and taxes incurred was \$33,762,463. Net earned income from underwriting was \$3,512,501 and from investments and rents \$1,611,216 or a total of \$5.15 a share.

Surplus and undivided profits increased \$2,006,632 and now amount to \$17,294,391 in addition to capital of \$2,000,000. If bonds and stocks had been valued at Dec. 31 market prices there would be an increase of \$1,107,425 in surplus. Assets increased \$7,039,266 to \$68,786,885 and the total is now the largest in history.

Employers Mutual Had a Good Year

The Employers Mutual Casualty of Des Moines has issued its annual statement showing assets \$5,044,89, of which \$1,649,244 represents cash in banks, \$1,136,020 federal government bonds, \$953,481 state and municipal bonds. It will thus be seen that the company's portfolio is in a very liquid condition. It has put up \$2,148,889 as reserve for claims, \$1,489,602 as reserve for unearned premiums. It also puts up a voluntary reserve of \$100,000 for contingencies which gives it a net surplus over all liabilities of \$5,044,899. Its total premiums last year were \$2,225,761 and its losses \$952,261, making a loss ratio of 42.8 percent. Its total automobile premiums were \$2,165,597 and losses \$900,582, showing a loss ratio of 41.6 percent.

The Employers Mutual Casualty always shows increases in its main items in its financial exhibit. The company writes largely full cover automobile lines. Because of its experience in writing automobile insurance it is in a position to render excellent service. The premiums for the year show an increase of about 25 percent.

Employers Is Agency Company

The Employers Mutual is a strictly agency company founded in 1911 and operates in 16 states. J. W. Gunn is president and John F. Hynes, vice-president and secretary, they being the two officers that give all their time to the company.

The company operates at deviated rates in states where no rate control exists and pays dividends to policyholders in regulated states. It is pointed out that the Dec. 31 statement contains a dividend reserve sufficient to pay all dividends to policyholders during the present year. The surplus and contingency reserves are therefore not subject to dividend payments.

Casualty Leader in Iowa

The Employers Mutual has been the leading casualty writer in Iowa for some 15 years. Its premiums in its home state last year were about \$1,450,000. It has branch offices in several states including one at 330 South Wells street, Chicago. It has over 3,000 agents.

The founder of the company, the late John A. Gunn, was a thoroughgoing insurance man who had studied for years the needs of agents. He laid out the policy of the company and maintained it so long as he was the directing head. His son had an excellent schooling under him and is continuing the successful policy that his father adopted.

R. W. Weitz, Des Moines contractor and chief contractor for the Des Moines ordnance plant, is named as a new di-

rector of the Employers Mutual Casualty.

Fidelity & Casualty Figures

Fidelity & Casualty in its new annual statement reports assets of \$53,989,381 as against \$51,106,280 at the end of 1940. Surplus increased to \$14,438,128 from \$14,170,705.

Discontinues Agency Organ

Continental Casualty is discontinuing publication of its "Agents Record" for the duration of the war due to the shortage in the type of paper used in the publication. The "Record" has a long history and is highly regarded by Continental agents. The company is reviving "The Continental News" for accident and health and is continuing the Continental Assurance publication for life agents. The company will keep in touch with casualty agents by bulletin.

The New York department will shortly start its triennial examination of Accident & Casualty of Switzerland.

Mid-States of Chicago has been licensed in Ohio.

Business Men's Assur.—Assets, \$29,588,122, including \$4,812,153 assets reinsured from Liberty Life; inc., \$7,469,729; unearned prem., \$538,095; loss res., \$1,629,852; non-can. A. & H. res., \$88,931; capital, \$1,000,000; surplus, \$1,571,384; inc., \$627,871. Experience:

	Net Prems.	Losses Pd.
Accident	\$ 961,230	\$ 400,267
Health	1,650,800	1,016,502
Non-can. H. & A.	71,066	31,683
Total	\$2,683,090	\$1,448,453

Commercial Travelers Mut. Acci., N. Y.—Assets, \$4,858,259; inc., \$479,497; unearned prem., \$699,279; loss res., \$989,143; surplus, \$2,690,792; inc., \$422,883. Experience:

	Net Prems.	Losses Pd.
Accident, health	\$3,903,251	\$2,556,769

General Casualty, Wash.—Assets, \$7,501,246; inc., \$1,003,659; unearned prem., \$2,785,248; loss res., \$390,227; liab. res., \$1,670,658; comp. res., \$27,715; capital, \$1,000,000; surplus, \$1,163,946; inc., \$194,485. Experience:

	Net Prems.	Losses Pd.
Accident	\$ 16,124	\$ 4,233
Auto liability	2,537,079	889,615
Other liability	773,660	139,249
Workmen's comp.	42,645	22,851
Fidelity	110,671	18,941
Surety	537,871	103,743
Plate glass	70,297	25,506
Burglary and theft.	128,669	30,537
Steam boiler	37,952	2,671
Engine and mach.	45,921	2,724
Auto prop. damage.	859,375	456,096
Auto collision	421	109
Other P. D. and coll.	76,943	17,160
Other auto	2,742	2,821
Total	\$5,240,370	\$1,716,256

Inter-Ocean Casualty—Assets, \$974,810; inc., \$74,763; unearned prem., \$1,820,360; loss res., \$147,071; capital, \$200,000; surplus, \$300,238; inc., \$45,902. Experience:

	Net Prems.	Losses Pd.
Accident and health	\$1,822,744	\$ 816,689

Kansas Bankers Surety—Assets, \$647,206; inc., \$21,040; unearned prem., \$36,096; reserve for losses incurred but not reported, \$6,000; capital, \$318,250; surplus, \$207,735; inc., \$10,333. Experience:

	Net Prems.	Losses Pd.
Fidelity	\$ 20,743	\$ 432
Depository bonds.	—2,749
Blanket bonds	62,719	2,317

Maine Bonding & Cas.—Assets, \$941,130; inc., \$56,664; unearned prem., \$173,720; loss res., \$32,995; liab. res., \$77,303; capital, \$400,000; surplus, \$228,502; dec., \$3,714. Experience:

	Net prems.	Losses Pd.
Accident	\$ 1,812	\$ 89
Auto liability	154,359	56,008
Other liability	7,062	2,358
Fidelity	45,764	1,757
Surety	74,722	39,225
Plate glass	1,604	442
Burglary and theft.	2,338	386
Auto prop. damage.	76,174	30,601
Auto collision	6,983	4,427
Other P. D. and coll.	1,693	673
Other auto	1,888	966
Total	\$ 374,400	\$ 136,932

Mercer Cas.—Assets, \$1,236,748; inc., \$83,827; unearned prem., \$332,655; loss

res., \$75,563; liab. res., \$192,772; capital, \$300,000; surplus, \$265,744; dec., \$17,597. Experience:

	Net Prems.	Losses Pd.
Accident	\$ 15,967	\$ 1,780
Auto liability	326,757	118,281
Other liability	10,796	2,274
Auto fire	10,836	2,479
Cargo	5,182	533
Plate glass	13,544	5,087
Auto and theft.	5,864	2,401
Auto tor.	805	128
Auto prop. damage.	130,630	72,240
Auto collision	133,504	59,343
Other P. D. and coll.	507	93
Auto comp.	63,377	19,198
Total	\$ 717,775	\$ 283,842

Minn. Commercial Men's—Assets, \$310,989; dec., \$3,572; unearned prem., \$2,632; loss res., \$26,500; surplus, \$278,983; dec., \$8,152. Experience:

	Net Prems.	Losses Pd.
Accident	\$ 119,665	\$ 67,286
Health	164,168	117,629
Hospitalization	12,616	5,269
Total	\$ 296,449	\$ 190,184

Minn. Farm. Mut. Cas.—Assets, \$350,384; inc., \$51,335; unearned prem., \$118,799; loss res., \$11,270; liab. res., \$64,750; surplus, \$150,801 (incl. \$100 guar. fund); dec., \$420. Experience:

	Net Prems.	Losses Pd.
Auto fire & theft.	\$ 56,644	\$ 22,250
Auto liability	59,929	18,345
Auto prop. damage.	25,783	11,597
Auto collision	81,617	35,106
Total	\$ 223,973	\$ 87,297

Motorists Mut. O.—Assets, \$1,308,491; inc., \$221,879; unearned prem., \$458,916; loss res., \$111,709; liab. res., \$352,426; surplus, \$280,193; inc., \$20,035. Experience:

	Net Prems.	Losses Pd.
Accident	\$ 56,673	\$ 20,951
Auto liability	468,688	130,035
Other liability	2,665	11
Theft, fire, windstm.	154,962	48,274
Auto prop. damage.	206,647	110,350
Auto collision	267,294	136,452
Other P. D.	399	117
Total	\$1,157,328	\$ 446,190

Security L. & A. Colo.—Assets, \$6,274,876; inc., \$887,399; unearned prem., \$60,706; loss res., \$43,648; non-can. A. & H. res., \$83,829; capital, \$250,000; surplus, \$375,000 (not including \$45,830 cont. res.); inc., \$25,000. Experience:

	Net Prems.	Losses Pd.
Accident & Health.	\$ 247,647	\$ 129,156

PERSONALS

Mrs. Charlotte Conard, wife of Otway Conard, assistant secretary of Standard Accident, is in charge of the blood donor station of the Detroit Branch of the Red Cross.

Honoring Secretary **J. F. Micek** of the World of Omaha on his birthday, Jan. 20, the home office employees inaugurated a campaign for applications, stamped with special birthday greetings. The campaign was conducted without Mr. Micek's knowledge and as a surprise to him, and resulted in the presentation of 300 "apps" on his birthday.

Mr. and Mrs. John Idler announce the birth of a daughter, Colleen. Mr. Idler is with Zurich at the head office in Chicago and is president of the Casualty Underwriters Association there. The Idlers now have four boys and four girls in the family.

D. M. Ferry, Jr., board chairman of Standard Accident, was reelected president of the board of the Detroit Museum of Art Founders Society. Mr. Ferry has headed the organization for more than 25 years.

Lew H. Webb of the Conkling, Price & Webb agency, Chicago, is leaving this week for his winter vacation in Pasadena. He has many friends there, as he has been using this place for his winter vacation for 25 years.

I. E. Kerr, senior partner in Kerr, Lacey & Scroggie, counsel and adjusters in Detroit for the Zurich, Sun Indemnity and others, died. He had been prominent in the Detroit Adjusters Association.

Priorities Pinch, War Orders Rush Not Valid Excuse

(CONTINUED FROM PAGE 10)

sovereign." He cites Maxwell vs. United States, 3 F (2d) 906 affirmed 271 U.S.647 (memorandum) holding the defendant liable for the excess cost incurred by the government as a result of its failure to complete its contract for the construction of a post office building, notwithstanding performance of the contract may have been hampered and rendered unprofitable by the government war time activities in conscripting man-power for military service, in raising the rates of wages on government contracts in the vicinity and in granting other priority orders which made it difficult or impossible for the contractor to obtain timely delivery of necessary material.

Grounds For Release Stated

The comptroller general points out that acts of the government directed particularly against a certain contractor, as distinguished from acts affecting contractors generally, would afford grounds for release. However, the comptroller general said that the government apparently did not directly prevent performance under the accepted bid of the Thwing-Albert Company. It does not appear that the government demanded performance of defense contracts by Thwing-Albert to the exclusion of work on binding contracts voluntarily made by Thwing-Albert for furnishing articles either for private parties or for non-defense activities of the government.

Surety companies are very cautious these days in executing bonds in connection with non-defense work and usually condition their acceptance on a provision throwing the burden on the obligee to see that the necessary supplies are delivered.

Personnel Problem Acute in Hartford

(CONTINUED FROM PAGE 21)

want to pitch in and do something besides spending their afternoons eating ice cream sodas and going to the movies.

Because of the employee shortage insurance companies have got in touch with their former women workers who quit their jobs after getting married. Quite a few of these have come back. Those who get married are encouraged not to quit but to stay on. One difficulty has been that quite a few of the recent marriages have been among girls who got married so as to be able to travel with their husbands who are now in military service.

Lose Agents, Too

The war industries have taken their toll in the agency field as well. However, this has not worked out too badly in many cases. A number of life and casualty agents have taken jobs on the night shift and continued handling their insurance business by working at it four or five hours a day. Many of them have found that they could do about as much business as they had previously been doing full time.

The employment situation is not due merely to the employees' mercenary desire to get more money. Rents and other factors in the cost of living have advanced more sharply in Hartford than in some other places, largely because of the war industries boom. Consequently many who were getting by on what they were making have found themselves pinched as prices advanced. On the other hand, many employees who have chosen insurance as a career have looked ahead and resisted the lure of

Discuss A. & H. War Problems

(CONTINUED FROM PAGE 10)

growing out of the war situation, were threshed out in a thoroughly frank informal discussion at a session the previous day arranged by the agency management committee of the conference. Rex Edmunds, Fidelity Health & Accident, chairman of that committee, presided.

There was a very general feeling of optimism expressed in regard to production in 1942. Several of the 40 or more executives in attendance expressed the belief that business this year will hit another new high mark. There was considerable concern, however, in regard to the loss of agents who either have entered the service or have been attracted by high wages in defense industries.

How to Replace Men

The discussion in that connection was concerned primarily with how to replace these men. One suggestion was that salesmen of automobiles, tires, electric refrigerators, radios and similar lines, which virtually have been put out of production by concentration on the war effort might offer a good field for recruiting. There was considerable diversity, however, in the experience of those who have tried to obtain agents from this field. Some of those who had obtained poor results along this line reported that most of these men have worked on a drawing account and are quite reluctant to go on a straight commission basis.

The general opinion seemed to be that the best field for recruiting accident and health agents is among men who have been writing general lines of insurance, especially automobile, in which the prospects for the coming year are far from bright, and to a considerable extent life insurance men as well. Life insurance, while not likely to experience the same slump as in the automobile field, probably will not do as well in 1942 as it did in 1941, due to the imposition of war clauses, rate increases by a number of companies, and other similar factors.

Attitude on Part-Timers

There was considerable discussion of the general question of what attitude accident and health companies should take toward agents who are part-timers so far as accident and health business is concerned, but are in the insurance business full time. Many companies are extremely favorable toward employing these men, while others insist that it is not profitable to operate with any except men who are devoting their full time to the one organization.

It was pointed out that recruiting is a major problem, even in normal times. The turnover in the agency force is altogether too high. Agents don't "lapse" as policyholders do. They simply drop out, and enough new blood must be brought in at least to fill the gap, if

higher pay which, however, might prove to be temporary.

Facing this lack of employees, the companies are exercising additional watchfulness to eliminate every operation that is not absolutely essential. In normal times considerable information is worked up that is interesting and valuable but that nevertheless could be omitted without any great harm resulting.

Existing calculating and tabulating machines can be used for certain operations if minor changes are made in the exhibits which are to be set up. Many procedures have become complicated through the years by the addition of small additional items, none of which is very time-consuming in itself but which may have a considerable cumulative effect. As a result, executives are asking themselves about each phase of their work, "Is it essential?"

not to increase the number of producers. Some speakers placed a large part of the blame on the companies for not training their managers or general agents properly in recruiting. It was declared that training in recruiting is fully as necessary as training in prospecting.

Must Broaden Base

A warning was sounded that it will be necessary to broaden the base of accident and health insurance to bring in a larger segment of the population if the threat of governmental action is to be headed off. In that connection, the lowering of the age limit for accident insurance was commended, even by representatives of some companies that have not taken action along that line, as giving the agents more to sell and more prospects to see. Representatives of companies which are writing business at the lower age limit reported excellent results along that line.

Agency Council Formed

One of the purposes of this meeting was to launch a new organization known as the Agency Council, to be

composed of the chief executives of all agency companies in the Health & Accident Conference which desire to affiliate. For several years the agency management committee of the conference has been quite active in that field and has put out a monthly bulletin devoted to discussion of agency management problems. It was felt, however, that the membership of this committee is not sufficiently large to make it thoroughly representative and by establishing an organization which would include all agency executives in its membership, more interest can be created in these problems and a program of research work set up, which will take into consideration not only the immediate problems of the day but operate on a long term basis as well. The new council will supervise and coordinate the work of the agency management committee. It starts out with 48 members. T. T. McClintock, Ohio State Life, was elected secretary.

Continue Informal Discussions

It was unanimously decided that the informal discussion sessions, such as the one in Chicago and the similar one held in Indianapolis in January last year, should be continued. It was suggested that the council members should come together for an extra day at the time of the conference meetings, but it



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was decided that it would not be feasible to have such a session in connection with the annual meeting of the conference in Kansas City next May. An Agency Council luncheon will be held, however, immediately following the morning session which is to be in charge of the agency management committee. It is planned to have at least one full day, and possibly two days devoted to such discussions at the time of the mid-winter meeting of the conference next year.

Accident & Health Held to Be Big Defense Factor

(CONTINUED FROM PAGE 19)

savings for the future, Mr. White said. If the expenditure for insurance this year should be reduced, say, 50 percent, a portion of the other 50 percent will of course be spent for defense stamps and bonds, but most of it will go for whatever luxuries may still be available. Therefore, he contended the sale of accident and health insurance helps stave off inflation.

An insured income guarantees a fairly normal purchasing power, which is important for the economic stability of business. If purchasing power should be cut in half, it would mean a reduction in retail business that would reduce government revenue from that source, affecting also store owners, stockholders in the case of a corporation, and clerks. Reduced purchasing power of the store would in turn affect the wholesale markets and so on down the line. The disabled employee whose income is protected by accident and health insurance continues to have purchasing power. He is still able to buy the necessities of a well-ordered life for himself and his family, which contributes materially to economic stability.

Can Return to Work More Quickly

American business is made up of millions of people in various walks of life. Their peace of mind, their welfare, the entire national economy is dependent upon their being able to do an honest day's work. If accidents or disease prevent the performance of that duty, then the national economy is directly affected. Accident and health insurance returns the employee to his work more quickly, with a mind free from worry over contracted debts, and more efficient because of better health. The American way of living provides a chance for every man to advance himself in accordance with his intelligence, talents and ambitions. It assures him a pay check for every honest day's work. Accident and health insurance protects against personal disaster, which in time of war is even more essential to national welfare than in peace times.

"Let us pledge ourselves to do a job of selling income protection that will be a loyalty of the highest rank," Mr. White urged in conclusion. "We must not only say the right things but we must say them to the right people. We must put our brains and our judgment as well as our hands at the service of our country. Let us accept this call to patriotic duty. Let us resolve to deliver the uninsured from the threat of personal disaster and safeguard our national economy and the American way of living."

As a preface to his talk Mr. White by request outlined the functions and objectives of the three major organizations in the accident and health field, the bureau, the conference and the National association.

Mr. Powell painted a graphic picture of what the American home means to the average citizen and said that in spite of carefully laid plans, this pleasant picture may be completely shattered by accident or sickness. The wife and mother may be forced to take employment for which she is not fitted. Hard-

(CONTINUED ON PAGE 38)

Assessment Order Is Upheld

(CONTINUED FROM PAGE 21)

bers, fixed by statutes, by-laws and policies, which constitute assets of the company to be collected in the course of liquidation, underlies the various theories upon which the courts have upheld assessments, whether levied by directors of insurance, receivers or liquidators, under the court's direction. Being assets which passed to the receiver, he is delegated to deal with them in his own name as receiver or in the name of such company, as the courts may by order direct and as such receiver he shall be vested by operation of law with title to all of the property, contracts and rights of action . . . as of the date of the order so directing liquidation,' (Par. 498, Ch. 73, Ill. Rev. Stat. 1935). Because of these circumstances, the levy of an assessment on the policyholders is nothing more nor less than the exercise, by the receiver, of contractual rights vested in him by the liquidation decree and amounts to no more than a demand for payment of the contingent liability which they assume; and the levy is, in essence, a demand by the receiver of the assets in liquidation, title to which was vested in him, for payment of this liability. The mere fact that the power and duty of levying assessments is lodged by statute in the board of directors, and not in the receiver, should not defeat the levy when application is made to a court of equity for the necessary relief, because the directors failed to act."

Cites Keystone Decisions

The court apparently attaches a good deal of weight to decisions of fairly recent vintage involving the Keystone Indemnity Exchange assessment, because the pertinent section of the Pennsylvania statute contains provisions similar to the Illinois statute pertaining to mutual insurance companies. The first appeal in the Keystone case was brought to construe the provisions of certain policies which not only did not contain the usual contingent liability provision required by the Pennsylvania statute but did provide that no assessment should be made. Nevertheless, the court held that this specific provision of the policy could not defeat the levy of an assessment, because "these contingent liabilities were assets on which it was the duty of the statutory liquidator to realize."

The second appeal involved the question whether the assessment could include estimated administrative costs, collection expenses and other obligations and it was held that such items could be estimated and included in the assessment.

Roy D. Keehn is now the receiver for Central Mutual and the attorneys for Keehn are Beckman, Healy, Reid & Hough.

NEW MARYLAND DECISION

On Jan. 21, 1942, the court of appeals of Maryland handed down an opinion construing an act of the Maryland legislature that became effective June 1, 1941. This was section 171A of the annotated code of Maryland, 1939 edition. This section provided:

"Limitation applying to collection of assessment. No action or court proceeding shall be brought against a subscriber, policyholder or contract holder of a domestic or foreign reciprocal or inter-insurer, for the purpose of enforcing an assessment later than one year

after the termination of such subscriber's policy or contract, unless said subscriber, policyholder or contract holder sought to be charged shall have been notified of such assessment within one year after the termination of his policy contract."

This decision was the case of Matthew H. Taggart, insurance commissioner of Pennsylvania, v. Silas B. Mills, No. 14 January Term, 1942.

On July 11, 1941, the Maryland court of appeals in the test case of Taggart, etc., v. Wachter et al, 21 Atlantic 2d. 141, held that the decree of the Dauphin county court of Dauphin county, Pa., ordering the liquidation of Keystone Indemnity Exchange and further ordering an assessment against all subscribers or policyholders of the exchange holding policies from April 9, 1929 to May 18, 1933, for an amount equal to one additional annual deposit premium on each policy held, was entitled to full faith and credit in Maryland, and that Maryland subscribers or policyholders were liable accordingly. The court of appeals in Maryland pointed out in the case of Taggart v. Wachter, et al, that 4,818 residents of Maryland were involved with liability in Maryland alone amounting to approximately \$687,000. While this case was pending in the Maryland court of appeals the above statute became effective. After the statute was effective, approximately 4,818 suits were filed against subscribers and policyholders of Maryland by Mr. Taggart.

The above statute was raised as a defense in the case of Taggart v. Mills. Judge Solter of the superior court of Baltimore held that the statute was a bar. The court of appeals reversed Judge Solter in the Taggart v. Mills case and among other things stated:

"The statute does not, then, contain any expression of intention that it shall affect pre-existing causes of action, and the intention cannot be implied, and therefore, under the law as it is laid down for us, there seems to be no escape from the conclusion that those causes are not affected. It is the unanimous conclusion of this court that the demurrer to the plea of the defendant setting up the statute as a bar should have been sustained, and that the judgment must be reversed. * * *

Diemand Gives Warning as to North America's Policy

(CONTINUED FROM PAGE 3)

cies to be continued in force by means of premium receipts; third, legislatures to permit companies to apply for all-risk fire and casualty charters; fourth, "if there is sufficient redundancy in rates to warrant the extension of certain privileges to one group of agents in a given status as opposed to another group in the same status, that such excess should be resolved in favor of the assured through a reduction in the rate for the insurance desired."

In connection with the latter suggestion, Mr. Diemand made this statement: "It shall be a fixed policy of this com-

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pany in its relationship with regulatory bodies to insist that wherever such privileges are extended to agents by other companies, an offsetting reduction in the rate be made for the benefit of the insured."

"At the risk of preaching heresy," Mr. Diemand stated, "but with a sincere desire to be constructive, we would respectfully ask our brethren in the fire insurance business to draw closer to and emulate the practices of those engaged in the marine field, where regulation is at the minimum and competitive controversies are usually handled expeditiously and with finality."

Flexibility Is Emphasized

"Here we have a class of business which requires the utmost flexibility in rate making and in elasticity of coverage. The multiplicity of coverages demanded the wide variation in the character and extent of perils involved, the fixing of premium charges commensurate with the loss experience of the individual policyholder, all these factors preclude the possibility of rate tariff and mandatory form."

"The policyholder is entitled to and should be able to obtain coverage which furnishes adequate protection, a convenient form, and at rates which yield reasonable profit to the insurance company. He is encouraged to secure his cover here and not somewhere else in the world market."

"The marine insurance market recognizes the legitimate needs of the insuring public and does not by regulation or otherwise adopt forms which the insured is obliged to accept, no matter how far short they fall in meeting his requirements. It also recognizes that any other policy would increase the amount of insurance premiums which are annually exported from this country."

Furnishes Assured Cards for Listing Tire Numbers

Travelers has gotten out a supply of small cards for assured to list tire serial numbers, to aid in reclaiming tires where police make recoveries. Agents are making the distribution, sending assured two of the cards.

One the assured keeps, and on the back is the notation "Duplicate in file in the office of (name, address and telephone number of agent)." The other is completed and mailed back to the agent who retains it in his files as a duplicate record in case assured loses his copy.

The present tire rationing situation has created a big demand for the cards. The cards contain space for assured's name, address, etc., tire serial numbers, where and when purchased, and so on.

Ralph B. Clark, assistant secretary of St. Paul-Mercury Indemnity, and Miss Betty Bend, daughter of C. M. Bend, president of Joyce Insurance, Inc., St. Paul, were married in New York City. They will make their home in St. Paul.

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POINTERS FOR LOCAL AGENTS

Defense Work Spotlights U. & O., Wilson Says

Defense program activities have brought the application of use and occupancy coverage very much into the limelight. W. Owen Wilson, president of Davenport Insurance Corporation agency, Richmond, past president National Association of Insurance Agents, told the meeting of the National Association of Cost Accountants in Richmond in a talk on "Use and Occupancy Insurance."

"There is said to be but little or no sales resistance on the part of many business owners today as to the purchase of this coverage," he said. "All that is necessary in most instances is for the broker or agent to explain intelligently the protection the insurance affords and a sale is made."

Have Divergent Viewpoints

"This is a fruitful condition so far as agents and brokers are concerned. They have the opportunity to help themselves and to render a service to their clients and certainly they should take full advantage of it. Insurers and underwriters, however, as a rule do not view the situation with a kindred spirit of elation and optimism. In fact, the implication is that some of them actually look upon present conditions, as they affect use and occupancy insurance with a certain degree of alarm."

"This is because they visualize that where any substantial damage as a result of an insured peril occurs to the property involved it will take much longer than the usual normal time for rehabilitation of the property and a resumption of business. This may mean a total loss to insurance under their use and occupancy commitments. Any such feeling, of course, is founded in the individual judgment of the underwriter. Nevertheless, use and occupancy insurance loss possibilities today are far different than what they were two years ago, for example, and the care which many underwriters are exercising at this time regarding such liabilities is based on a lot of good common sense."

Time Estimates Are Complicated

"The problem which arises in this connection, as already indicated, has its basis in the length of time which might be required under present conditions, with the exercise of diligence and dispatch, to rebuild, repair or replace any damaged or destroyed property. When things are normal, the time required for repairs or replacements can be predetermined fairly accurately. However, this is not the case today."

"The acquisition of material for building construction alone is not as simple as it might seem to be. This is particularly true when structural steel is involved. The reason for this is obvious, since defense orders are taking practically all available steel and likewise are creating a shortage of other supplies which are essential toward repairs and reconstruction of buildings. Furthermore, it is apparent that the employment situation is reaching a stage where some difficulty is likely to be encountered in securing the services of contractors, carpenters and other capable workmen."

Tools and Machinery Problem

"In all probability, however, the most serious problem to be anticipated with respect to replacements is in relation to tools and machinery upon which the

operations of a business depend should they be damaged or destroyed by fire or other insurable perils."

Mr. Wilson explained that U. & O. is designed to indemnify the insured for loss of earnings of which he is deprived as a consequence of damage to or destruction of physical property essential to the operation of his business, such indemnification being upon the basis and to the extent that deprivation of earnings produces an actual monetary loss.

It is not difficult, he said, to acquire a knowledge of the fundamental principles of use and occupancy insurance. Many alert insurance men are firm in their belief that no single form of property insurance or insurance relating to consequential loss growing out of damage to property, presents as attractive opportunities as does U. & O. for increased insurance knowledge.

Explains Forms in Use

Mr. Wilson undertook to explain the mechanism of this relatively new form of insurance and remove the veil of mystery which has seemed, he said, to shroud it. He also went into some detail in undertaking to explain the application of the forms used and methods of determining loss under the policies.

Describes New Auto Policy to Texans

The new Texas automobile policy, which conforms to the national standard fire and casualty forms, was described in detail by Billy Greaves, San Antonio, at the casualty and surety meetings of the Texas Association of Insurance Agents at Dallas and Houston last week. He dwelt at some length on the medical payments coverage and the rental reimbursement protection in the event of theft of the insured automobile.

Medical payments coverage, Mr. Greaves pointed out, follows the car and not the assured, except that it follows the assured if the automobile described in the policy is withdrawn for repairs and another car is temporarily substituted. There is no reference to other insurance and hence medical payments coverage will protect the assured and injured passengers regardless of any accident or other insurance carried by the injured person, nor does it prevent the injured party from making a claim for damages against the assured, which must be defended by the company just like any other bodily injury liability claim.

Smooths Guest Accidents

Mr. Greaves said that medical payments coverage should be one of the best selling items for any agent, because it avoids the inevitable usual awkward situation when a guest is injured. Without medical payments coverage, in order for a guest to be paid by his host's insurance company, he has to prove that the assured was grossly negligent. No one likes to admit this and many friendships have been broken over guest claims. He said that no definite amount of insurance is stated in the medical payments coverage, but only a limit of liability, because otherwise the life insurance laws would be violated.

The rental reimbursement section applies only in the event of theft of the automobile covered by the policy. It

agrees to reimburse the assured for expense of not more than \$5 for any one day and not more than \$150, or the actual cash value of the automobile, in the aggregate, actually incurred for rental of substitute automobiles, including taxicabs. Mr. Greaves emphasized that this coverage does not begin to run until 72 hours after the theft has been reported to the company and to the police and terminates as soon as the automobile is discovered or the company tenders settlement. It is not a valued recovery of \$5 per day and cannot be used as an average. He also pointed out that it covers automobile rental only, not for train, interurban or airplane fares, even though they may be incurred because the automobile has been stolen. Also, no provision is made for additional recovery in case the automobile is not in usable shape when recovered or in case some time is required to return the automobile to the assured because it is recovered in a distant city.

Commercial Use

An important change in the Texas policy, Mr. Greaves said, is the extension of the definition of commercial use to make it used principally in the business occupation of the assured, including occasional use for pleasure, family and other business purposes. Previously, coverage was restricted to use in the assured's own business and there have been several cases in Texas where recovery was denied for use outside the assured's business, such as bringing material from a privately owned ranch and transporting Boy Scouts to a fair. The new automatic coverage provision gives

the assured 30 days to notify the company of a new or substituted automobile and they are covered in the meantime.

The definition of automobile should clear up arguments as to the application of insurance to truck and trailer combinations, Mr. Greaves said. A truck and trailer are specifically stated to be one unit as regards limits of liability under bodily injury and property damage liability coverage, but separate units as regards application of limits of liability and deductibles for physical damage coverage.

Mutual Conditions

For the first time, Mr. Greaves said, it is necessary for mutuals, reciprocals and Lloyds organizations to include in the policy, under a mandatory form, the conditions under which the policy is issued, whether it is assessable or not and whether it is participating. He pointed out that the Texas law requires a prescribed minimum surplus before any such organization may issue a non-assessable policy. Reciprocals which do not have the required surplus must increase their surplus by not less than 25 percent per year of the difference and must meet the minimum by Dec. 31, 1943, or cease writing non-assessable policies.

While the Texas courts have not considered the question of a surplus deficiency as affecting non-assessable policies, Mr. Greaves said that the courts of other states have consistently held that a non-assessable provision is automatically canceled and the policy becomes assessable if the surplus falls below the required minimum.

Pattern of A. & H. Production Given

(CONTINUED FROM PAGE 21)

ance, the number of calls and interviews will have to be less. However, even in the case of the part-timer, he recommended a definite scheduling of time for accident-health solicitation.

Came Out Fighting

When the bell rings, come out fighting," was the keynote of the talk of Charles H. Davis, Pacific Mutual Life, Chicago, on "Presenting the Sale." The agent's job is to make a sale and he advised putting on all the pressure necessary to complete it.

He urged dramatizing the interview, the use of suspense and curiosity. "Start something new that will take him out of the old groove. Get in the 'you' angle. Appeal to his imagination. Break his leg, put him in a wheel chair. It will be good for you and even better for your prospect."

The five points he stressed in connection with the sale were to create interest, attention, desire, make it easy for him, secure action. He described several actual sales and showed how he worked in this program.

Because the program had dropped considerably behind schedule, the Kansas City group composed of R. J. Costigan, Business Men's Assurance; C. V. Cochran, General American Life; Kiah Warden, Connecticut General Life; John E. Miller, Columbian National Life, Don Lawrence, Travelers, which was to have presented a panel discussion on "Meeting Objectives" voluntarily surrendered its time.

Important to Conserve Renewals

Emphasizing the importance and value of conserving accident and health renewals, E. H. O'Connor, Provident Life & Accident, said a lapse ratio of

10 to 15 percent, while comparatively low, is not anything to be proud of. When a man has something of intrinsic value in his possession, he protects it. Holding all that it now has and consolidating gains already made is vitally important to the accident and health business in building up an economic force of good for the comfort and future health and security of the nation.

In addition to preserving what has been acquired through toil and sweat, conservation has a real value in itself to the agent. An agent often will put off seeing a policyholder who desires to drop his policy because he is simply too timid or too lazy to resell him. "Why should you neglect sure business, business already on your books, to go out in unknown fields for new business?" Mr. O'Connor asked.

Can Increase Life of Policy

Life companies, Mr. O'Connor said, always have given considerable attention to conservation of business and it has paid them well. He suggested that perhaps accident and health has grown too fast to give proper attention to this important subject, but that it is time to realize that "a bird in the hand is worth two in the bush." Assuming that the average life of an accident and health policy in the past decade has been seven to 10 years, if proper direction and effective conservation are applied the average can be increased to 12 or 15 years.

The greatest danger of lapsation is, of course, at the first renewal. This may be due largely to high-pressure methods at the time of sale or failure really to sell the prospect on the importance of protection. In that case, it is necessary to call back and resell the

protection. This should not be difficult, as entree is already created. "Show me the man with a high lapse ratio and I'll show you business that has been purchased—not sold," Mr. O'Connor said. "It was the shot-in-the-arm method, where the effects of the sale wear off rapidly."

He urged very strongly following up with a personal call the mailing of the first renewal premium notice or receipt, a day or two before it is effective. Use of the mails to head off a contemplated lapse is no real substitute for a personal call, in Mr. O'Connor's opinion.

"The more contacts you have with your insured, the more opportunity you have of finding more prospects," he said. Obtaining new prospects every time a claim is paid is one of the greatest benefits derived from selling accident and health insurance. However, Mr. O'Connor observed, "you won't be paying every one of your policyholders a claim—if you did your company would fire you—but why not use every contact with a policyholder to get the names of more prospects?"

Certificate Form Helps

The certificate form of renewal used in accident and health has a psychological effect on the insured. He takes the same view of it as his life insurance policy. If a new policy were issued each year, as is done in most casualty lines, the lapse ratio would no doubt be much higher than it is.

In conserving his business, an agent also creates good public relations, because he corrects any mistaken ideas the policyholders may have regarding the coverage, thereby improving his attitude toward the protection, the company and the business as a whole.

The increased income tax is going to be a major obstacle in renewing business, not only up to March 15, but also when the policyholder is figuring up how he is going to meet the other three payments. Agree with him about how tough it is, Mr. O'Connor suggested, but point out that it takes 15 wage earners at home to keep one fighting man at the front. Furthermore, don't forget to tell him that doctors' and surgeons' charges have increased, that hospital rooms are now worth 25 percent more and that, due to the lack of nurses, they will be hard to get at any price. "You need this protection more today, brother, than you ever needed it."

Kemper Gives Chart Talk

George W. Kemper, Fireman's Fund Indemnity, San Francisco, a strong advocate of visual presentations, demonstrated his methods with a very interesting chart talk, along somewhat the same line as the one he gave in Los Angeles last June. He emphasized the importance of getting out of a rut and said that growth must come from the bottom.

His illustrations were devoted largely to the working out of three laws, the law of averages, the law of determination and the law of presentation.

Although C. C. Day, Pacific Mutual Life, Oklahoma City, the concluding speaker, did not start until after 5 p.m., due to the program delays, he held his audience until 6 o'clock with his talk on the importance of the maintenance of income as the basic thing in life and the lack of income as the primary reason for economic, social, physical and spiritual maladjustments. He asked the crowd several times if they wanted him to quit, but was told to go on. The emotional appeal in several of the cases which he presented made an especially strong impression. He said that income comes from earning power, which pays for the right to live today and tomorrow, describing "tomorrow" as the time when income stops, due to either death, disability or old age.

He has no sympathy with pessimists in regard to the business outlook and stressed the importance of the proper

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mental attitude in that respect; mental solvency, always looking at the other side of the ledger, and cleaning up the agent's sales talk to meet present day conditions.

Standard Accident Regional

Standard Accident conducted one of a series of regional meetings in Kan-

sas City, with 60 agents present from the territory of the Kansas City service office, including R. B. Jones & Sons general agents at Kansas City. Otway Conard, assistant secretary, discussed automobile insurance; E. A. Warnica, assistant secretary, comprehensive liability; H. J. Huntington, director of public relations, accident and health in-

surance; R. E. Sturges, assistant secretary, claims; Rankin Martin, executive representative bonding department, fidelity and surety bonds. J. A. Mullen, vice-president, spoke briefly on investments.

A sound picture, "Eyes of the Navy," was shown at the meeting of the Des Moines Casualty & Surety Club.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Cincinnati Hotel Fire Causes Heavy Loss

CINCINNATI—Insurance loss as the result of a fire in the Hotel Netherland Plaza, which is one of the most modern hotels in the country, is estimated roughly at at least \$300,000, not including U. & O. The hotel continued to operate but rather heavy extra expenses were incurred in making this possible and the largest part of the U. & O. loss is expected to consist of these expediting charges.

The entire line was handled by the Thomas E. Wood agency. The insurance on the hotel and the Carew Tower, both of which are owned by Thomas Emery Sons, Inc., totaled \$9,700,000. Western Factory and Western Sprinkled Risk had the major part of the line but other companies interested included General of Seattle and Standard of New York. There was \$500,000 insurance on the contents of the hotel. The fire rate on the building was .045 for one year.

A loss of about \$50,000, entirely from smoke damage was suffered by the Mabley & Carew Co., a large department store located in the Carew Tower and several other tenants of the Carew building suffered small losses. The loss was the largest in Cincinnati since 1937.

Started in Fan Room

The fire started in the motor or fan room, the heart of the hotel's ventilation system, on the fifth floor and was confined to this room by the fire-proof construction and fire doors. Marshal Louis C. Schraffenberger, head of the Fire Prevention Bureau, said it would probably be impossible to determine the exact cause of the fire. When discovered by employees, shortly after the regular periodic inspection of the room, the fire had already attained too much of a start to be fought with chemical ex-

tinguishers from adjoining rooms. It was, therefore, attacked from holes cut in the open roof immediately above. Difficult to extinguish, it was subdued only after great quantities of water had literally drowned it. The vast amount of water which had to be used plus the heavy smoke from rubber, cork and asphalt insulation caused the large loss. Water ran down through the famous Hall of Mirrors on the fourth floor and all the way to the street through the main lobby, severely damaging some of the ornate ceilings, much of the expensive carpeting and the large hardwood floor of the Hall of Mirrors. Only minor damage to the building resulted from the blaze itself and smoke that filled all floors.

Difficulty in getting materials for replacement and the smoke losses to hotel guests and tenants in the various buildings which are all a part of one group will cause some interesting adjustment angles. Only one small store closed up entirely, it being understood to have U. & O. coverage. Had the fan room been in the basement, the water loss would have undoubtedly been greatly reduced.

Second Agents Group at Peoria Elects Officers

A second agents' organization has been formed at Peoria, Ill. This is the Peoria Board of Fire and Casualty Underwriters, which has elected Charles A. Bryant president, Sam Levison vice-president, and Theo. M. Heimeshoff secretary-treasurer. Two members are to be appointed to the board of directors, which, with officers, will make a directorate of five.

About 18 agencies of Peoria belong to the new group, which has functioned informally during the past year. The other Peoria group is the Peoria Association of Insurance Agents, headed by W. P. Brown.

Purpose of the new group is said to be to establish uniform practice in the general insurance field, promote insur-

picious fire at a similar business premises near Enid, Okla.

Neither party demanded a jury trial. The trial judge called an advisory jury and submitted interrogatories to it. Declaring the answers of the jury to these questions contradictory and inconsistent, the judge disregarded them and made independent findings of fact, holding for the insurance companies. Hargrove appealed, maintaining that this procedure was illegal.

The appellate court held that there is no justification for calling an advisory jury in a declaratory judgment action. This is proper procedure in equity, but a declaratory judgment suit is an action at law and its use does not alter the right of trial by jury at all. However, since neither party had demanded a jury, the assured had only the right to insist that the case be submitted to and tried by the judge. Since the court disregarded the verdict of the jury and made independent findings, the appellate court held that the assured had had exactly the type of trial to which he was entitled.

Johnson Takes Arkansas Post

Irwin W. Johnson from the home office will temporarily take over the duties of Jack G. Parsons, special agent of St. Paul Fire & Marine in Arkansas, while Mr. Parsons is in national defense work. Mr. Johnson, who takes over at Little Rock Feb. 1 under State Agent I. C. Sparks, has been with St. Paul 14 years.

ance education, and support beneficial legislation. The division of membership between the two organizations does not represent a division along lines of company affiliation. It is understood that the new group was formed in part for the purpose of securing recognition for its members on school board and other public business in Peoria.

Inspection Service Offered to Defense Council

LANSING, MICH.—Proffer of the inspection services of the Michigan State Fire Prevention Association, fire company field men's organization, to the state defense council was tentatively accepted at a meeting of the council's fire prevention division. Surveys to be conducted would cover all properties except plants having war production contracts, since the council was informed a special inspection service for these industries has been set up on a federal basis. The reports when completed are to be filed by fire chiefs through the state fire marshal's office.

R. W. Walker President of Omaha Agents Body

OMAHA—The Omaha Association of Insurance Agents, at the annual meeting, elected Richard W. Walker, as president; Arthur Pinkerton, vice-president; Horace M. Higgins, treasurer; Byrd Sells and Arthur B. Dunbar directors for two-year terms and E. R. Heflin, director for one year. Thomas A. Bryan was appointed secretary, succeeding S. P. Smith.

O'Toole Makes Recommendation

John J. O'Toole, secretary of F. D. Hirschberg & Co., St. Louis, who was succeeded by K. M. Hickey, vice-president Mercantile Insurance Agency, as president of the Insurance Board of St. Louis, in his farewell report to the board, stated he was frustrated in his efforts to bring all insurance interests of St. Louis into a single council for their mutual protection and the betterment of service. He said such a plan would be especially helpful in the present national emergency. Many meetings have been held and the board and other insurance organizations approved the plan, he commented. He was hopeful something definite would be worked out soon and passed to the new officers the suggestion that they do all in their power to bring the council into being.

"Question and Answer" Session

CINCINNATI—The first of the 1942 series of educational meetings for agents, solicitors and office employees of the Cincinnati Fire Underwriters Association which will take the form of a "Question and Answer" forum will open Jan. 30. C. H. Garbutt, America Fore; U. L. Trice, U. S. F. & G.; F. J. Roelle, Fidelity & Deposit, and T. F. McMahon, North America, will be the "board of experts" answering questions on fire, casualty, bonds and inland marine, respectively. The association distributed about 100 selected questions to members from which to choose their questions.

Two Buy in Thatcher Agency

C. C. Patterson and E. M. Beresford have purchased a substantial interest in Thatcher's agency of Pontiac, Mich., which was established in 1889. The name is to be changed to Thatcher, Patterson & Beresford. M. H. Thatcher,

Cary Elected Head of Detroit Agents

DETROIT—Walter B. Cary, president Michigan Insurance Agency was elected president of the Detroit Association of Insurance Agents by the newly elected directors. Mr. Cary succeeds Edwin S. Karrer.

Fred C. Esper, A. J. Rohde agency,



W. B. Cary



E. S. Karrer

who served as vice-president and chairman of the accident prevention committee last year, was reelected vice-president and C. Gilbert Waldo, Bosquett & Co., was reelected treasurer. Elmer Salzman continues as secretary-manager.

A member of the association for more than 20 years, Mr. Cary has been in the agency field for 34 years. He began in Muskegon with Ackley & Hume and in 1908 purchased a half interest in the Rock & Watson agency in Detroit. Shortly afterward he formed the Michigan Insurance Agency.

founder, is a member. The agency will remain in 609 Pontiac Bank building. Donald Hansen, underwriter, continues in that post. Messrs. Patterson and Beresford will take an active part in the business. The former had banking experience and has been in insurance for seven years at Detroit. Mr. Beresford was on the editorial staff of the Pontiac "Daily Press" and formerly was with Raymond & Raymond, Detroit general agency.

Sukow Wisconsin Speaker

WISCONSIN RAPIDS, WIS.—W. W. Sukow, Milwaukee manager Travelers Fire and Charter Oak in Wisconsin, addressed the Wood County Association of Insurance Agents here. The responsibility of local agents to their community was emphasized by Mr. Sukow. He urged the agent to modernize insurance schedules, calling attention of the policyholders to new changes and additions in recent uniform forms as well as protecting them on increased values.

Patrol Board Reelects Hilgemann

MILWAUKEE—L. C. Hilgemann, Leedom, O'Connor & Noyes Agency, was reelected president of the Milwaukee Fire Underwriters Patrol Board at the annual meeting. Ralph Martin is vice-president; Joseph Grundle, secretary; Harold Smith and Richard Brandenburg, directors. Although the patrol service was suspended two years ago, the board is continuing its corporate entity.

Counties Can't Provide Protection

INDIANAPOLIS—County commissioners in Indiana may not purchase fire-fighting apparatus for the protection of private property in the county, according to the Indiana attorney-general. The opinion was requested by the chief examiner of the state board of accounts. The question arose in Clinton county after the city of Frankfort

had decided not to send fire-fighting apparatus outside the corporate limits.

Townships are permitted to purchase adequate fire-fighting equipment, or to enter into contracts for fire protection.

Held on Bribe Charge

DETROIT — Ray D. Schneider, Wayne county auditor, has been ordered held for trial on a charge of accepting bribes in return for his vote on county contracts, by Judge Brennan in recorder's court. One of two charges concerned the alleged acceptance by Schneider of \$11,000 in bribes from Edgar M. Robbins, Detroit agent, in return for assigning to Robbins's agency a share of the county insurance coverage. E. H. Williams, who has been discharged from a similar position by Governor Van Wagoner, was also accused of accepting bribes from persons doing business with Wayne county, including another insurance agent.

Set Cincinnati Auto Agency Case

The sixth Ohio district court of appeals will hear the case of the Ohio insurance division against the Cincinnati Automobile Insurance Agency on Feb. 2. The case is regarded as one of extreme importance by the Ohio insurance department and insurance agents. The state of Ohio will be represented by Paul R. Gingham, Columbus; George Bickford, Cleveland, and J. Louis Kohl, Cincinnati, who have been designated as special counsel by Attorney-General Herbert.

Mich. Bill on Fire Calls

As a part of Governor Van Wagoner's general legislative program for defense, a bill has been introduced in the Michigan legislature to permit firemen to answer calls outside corporate limits of cities, and extending compensation to cover them if they are injured on such calls. The bill is particularly designed to facilitate protection of defense plants located near large cities but not within the city limits.

Agent Sues City Council

DULUTH, MINN.—L. John Moerke, local agent, is suing members of the Duluth city council for \$2,042. He claims the officials agreed to give him the insurance on the Duluth aerial bridge and then failed to do so and placed the coverage with the General of Seattle. Council members replied that bids on the insurance will be asked on April 20.

Warns on Dealing with Aliens

The Ohio Association of Insurance Agents has sent out a warning to members calling attention to restrictions now in force on dealing with enemy aliens. Reliable information is that settlement of claims arising among this class is being deferred, the warning points out. The association suggests that all proof of loss forms include a statement to be signed by claimant that he is not prohibited as a foreign national from accepting payment of claims.

Ohio Arsonist Sentenced

COLUMBUS, O.—Paul Brock, 36, a truck driver, has been sentenced in the common pleas court here to serve 11 to 13 years in the Ohio penitentiary on charges of arson. He was indicted on nine charges and pleaded guilty to six, among which was the charge that he set fire to the H. H. Giesy & Brothers lumber yard here, causing a loss of \$200,000.

Reopens Office at Appleton, Wis.

Western Adjustment has reopened its office at Appleton, Wis. H. E. Koerner is being transferred from Green Bay to Appleton as resident adjuster.

Madison Renews City Cover

MADISON, WIS.—The Madison council finance committee has recommended that city buildings and contents be insured for \$363,460 at 90 per cent

valuation of \$403,845 for a five-year term, renewing this business with local agents through the Madison Insurance Board on a pro-rate basis. The coverage is exclusive of other insurance carried by the city for which an \$85,000 fund is being maintained.

Indianapolis Defense Luncheon

A civilian defense membership luncheon was given by the Indianapolis Board at which special guests included Mayor Sullivan and other leaders in civilian defense work.

L. G. Gordon was chairman of the committee in charge. J. W. Stickney, secretary-treasurer, announced that all of the reserve resources of the board had been reinvested in defense bonds.

Marty Elected in Madison

MADISON, WIS.—At the annual meeting of the Madison Insurance Board, H. G. Marty was elected president to succeed Harrison Garner, and Walter F. Schar was reelected secretary-treasurer. Arthur Anderson and H. L. Garner were named directors.

Perkins New Exchange President

The South Bend-Mishawaka Insurance Exchange has elected new officers: C. E. Perkins, president; W. B. Stoner, vice-president; Eugene Happ, secretary-treasurer; directors, J. H. Keracofe, C. A. Steis; hold over, Eugene Happ and Marvin Mogle.

Hoffman Returns to Manitowoc

MANITOWOC, WIS.—Theo. J. Hoffman, for eight years associated with the Milwaukee office of the Home Owners Loan Corporation, has returned to Manitowoc to again become associated with the Lindstedt-Hoffman Co., as a director and vice-president.

Reid Heads Ironwood Agents

IRON RIVER, MICH.—Gogebic County Association of Insurance Agents elected David D. Reid, Ironwood, as president. Other new officers are: Vice-president, W. C. Smith, Wakefield; treasurer, George Mazanec, Bessemer, and secretary, Margaret Weimerskirch.

May Postpone Iowa Mid-year

DES MOINES, IA.—The possibility of postponing the mid-year meeting of the Iowa Association of Insurance Agents until after the National association meeting in New York on April 13 is under consideration.

The mid-year was originally set for March 23. A tentative date of May 10 has been suggested.

New Offices for Minn. Department

ST. PAUL—The Minnesota insurance department expects to be in its new and enlarged quarters soon after Feb. 1. The new offices are on the same floor as the present ones but will give the department 1500 square feet additional.

Ohio Trustees, Committee to Meet

COLUMBUS, O.—Trustees of the Ohio Association of Insurance Agents will meet here Feb. 4. The financial responsibility committee will meet here Feb. 3 in charge of George E. Corby, Cleveland, chairman, to draft a financial responsibility bill.

Ohio Rural Group Named

President Karl D. Dakin of the Ohio Association of Insurance Agents has appointed a rural committee headed by Frank E. Kirkpatrick, Columbus, which will meet in Columbus, Feb. 5.

To Show Bomb Picture

LANSING, MICH.—The Michigan Association of Insurance Agents has purchased a copy of the educational defense film, "Fighting Fire Bombs" from the office of civilian defense. It will be made available to local boards

in the state for showings before public meetings and to groups of fire-fighters.

Kansas Adopts Extended Cover

The changes in the war risk exclusion clause of the extended coverage endorsement and the substitution of a single vandalism form for the two previous ones have gone into effect in Kansas. A new \$100 deductible inherent explosion form for electric generating and similar risks was promulgated at the same time.

Martin to Talk at Springfield

Virgil G. Martin, secretary Ohio Association of Insurance Agents, will address the Springfield Association of Insurance Agents at a dinner meeting on Feb. 2. George F. McCleary, president, will preside. Mr. Martin will discuss organizational affairs and civilian defense.

Akron to Study Insurance

AKRON, O.—Mayor Harter has appointed a committee of four local insurance men to study the city's insurance needs in hope that premiums can be cut sharply. Walter T. Akers is chairman, assisted by Clarence Cranz, J. F. Van Vechten, and W. H. Kroeger.

Ohio Coinsurance Proposal

The Ohio Audit Bureau has recommended that when two separate coinsurance percentages are used in the same policy, two separate clauses be attached and limited to apply only to the desired items.

Crowley Leaves Missouri Dept.

JEFFERSON CITY, MO.—George Crowley, formerly in charge of the brokers license division of the Missouri insurance department, has resigned.

NEWS BRIEFS

Insurance men and women are taking an active part in the annual St. Paul winter sports carnival this week. Arthur Devine, a St. Paul Prudential superintendent, is president of the carnival association. St. Paul Fire & Marine, Minnesota Mutual Life and Anchor Casualty had marching clubs. The Insurance Exchange and the St. Paul Association of Insurance Women formed a joint marching club with Armand Harris as captain. Some of the larger agencies also participated in the parades. E. A. Roberts, vice-president Minnesota Mutual Life, was a marshal in the grand parade.

Haskell Noyes, president Leedom, O'Connor & Noyes Co., Milwaukee, has been elected a member of the Milwaukee county park commission. He is a for-

mer chairman of the Wisconsin Conservation Commission, a leader in forest and wild life conservation work for many years, an executive of the Izaak Walton League and a federal appointee to the advisory board for the administration of the national migration bird act.

The Indianapolis Association of Insurance Women is perfecting plans for a permanent organization.

The Insurance Women of Milwaukee will hold its next monthly dinner meeting Feb. 2. Miss Gretchen Colnik will speak on "Decorating Today."

Glen Parkins, for eight years engaged in local agency work at Wisconsin Rapids, Wis., has received the distinguished service award for 1941 of the local Junior Chamber of Commerce as the outstanding young man in his community in civic work and service.

Edward A. Otten has become associated with the Meeusen Agency, Sheboygan, Wis.

George G. Goetz, Milwaukee agent, has been elected president of the Milwaukee Citizens Bureau. He had been secretary for a number of years.

Carl Behnke, Sheboygan, Wis., agent, has been elected to the new credit bureau committee of the Sheboygan Association of Commerce.

C. W. Rinker, for several years assistant to E. J. Stewart, chief engineer Kansas Inspection Bureau at Topeka, has joined the Plant Protection Office.

Winston Wheeler, vice-president of Wheeler Kelly Haggy Trust Co., Wichita, was elected a trustee of the Urban Land Institute at its annual meeting in Chicago.

The Insurance Women of Wichita heard a review by Mrs. Arthur Black. The annual bosses day luncheon has been set for Feb. 16.

The Newton, Kan., Board was host to agents of this district for an educational meeting. "The Effect of War on Insurance" was discussed. C. J. Wintrol, Royal, Wichita, represented the Kansas Fire Underwriters Association.

Alfred Fleming, National Board, will speak to the Council Bluffs, Ia., Association of insurance agents and Iowa fieldmen at Council Bluffs on Feb. 19.

A special study committee has recommended that the Michigan senate reduce its committees from 26 to 8, the insurance committee being absorbed by the banks and appropriation group.

Directors of the Toledo Association of Insurance Agents have authorized investment of a part of its reserve funds in a \$1,200 defense bond.

Air Underwriters, 16549 Woodward, Detroit, has been incorporated as an agency by Esmond Avery and P. F. Hilbert of Grosse Pointe.

IN THE SOUTHERN STATES

Search for Solution to Commission Problem in Texas

NEW YORK — Observers who have been following the fire insurance commission situation in Texas believe that the finding of a solution is difficult unless a mandatory commission scale is promulgated or certain changes are made in the rating structure. Texas is one of the large premium producing states and over the past few years operations generally have been profitable and competition for business is keen. From a rating standpoint, conditions in the state are unique. Texas cities are given credits or debits on the basis of the local experience over the past five years. The experience is revised at the end of each year and the credit or debit calculated on the basis of the latest ad-

dition to the five year period. These new schedules are published in April.

Rate credits and debits start off at 5 percent and proceed in like jumps of 5 percent, the maximum rate credit being 25 percent and the maximum debit 15 percent. It is in the cities which have large credits where the experience has been most favorable that the competition is most keen and the commissions highest.

For example, a rate credit of 25 percent means that on a \$100 premium, the agent on a 25 percent commission scale receives his full commission of \$25, but the company collects only \$75. After the commission is paid, the balance remaining for the company for payment of losses and expenses is only \$50. In the case of a debit, which occurs less frequently because there is a smaller number of cities with unfavorable experience and they are apt to be smaller cities, the company collects an extra premium, based on the debit scale, and pays the agent the regular commission

that the company would pay if there were no debit.

It seems to be generally true that companies in the New York area have sustained a decline in Texas premium volume because of the raids which have been made on the desirable business, although there are exceptions.

Some of the companies which were paying 20 percent commission have gone to a 20-25-30 percent graduated scale. Others apparently are meeting the challenge and are paying 30 or 35 percent and perhaps more. However, it can be seen that a company which collects only \$40 on a 35 percent commission, maximum rate credit basis on a nominal premium of \$100 is not going to have much leeway, particularly if the loss experience should suddenly become unfavorable.

Manning Returns to Dallas Post

Blagden Manning has again become connected with the T. A. Manning & Sons general agency of Dallas. He is a son of T. A. Manning, founder of the firm.

Blagden Manning originally joined Manning & Sons after returning from war service. He was eventually placed in active charge of the entire operations. Following the death of his father in 1935 he continued to be sole executive until he sold the business in 1938 to Marvin E. Singleton, Jr., and S. Foster Yance. Mr. Manning then went to Los Angeles as manager of American Home Fire and was later resident secretary of Globe & Rutgers at San Francisco.

Virginia Agents Gather at Richmond in Regional

RICHMOND, VA.—More than 150 agents and company representatives attended the regional meeting here of the Virginia Association of Insurance Agents. Commissioner Bowles greeted the group. He said no German-owned companies have operated in this country since the first world war and only a few Japanese companies were operating here when this war started. Their U. S. assets had been frozen. R. C. Rice, Virginia state agent of Phoenix of London, discussed war clauses in fire policies and the general impact of war upon insurance.

It was announced the association will seek to have legislation enacted permitting Virginia agents to write personal property floaters, and also will sponsor legislation providing for an agency qualification law and elimination of deviations in fire and casualty rates.

The group voted to purchase a sound film "Fighting Fire Bombs" showing how to extinguish incendiary bombs. The film will be made available to local boards and civic associations. H. P. North, assistant director Business Development Office, New York, put on an insurance clinic in which participants were Sherman Otstot, executive secretary North Carolina Association of Insurance Agents; Bruce Crater, North Carolina state agent of Phoenix of Hartford; Landon Hill, manager North Carolina Rating & Inspection Bureau; Reginald Price, president North Carolina Association of Insurance Agents. Other regionals will be held from time to time this year.

Setup of Roberts & Rhea of Fort Worth Is Clarified

In reporting the situation in Texas arising from the intense competition insofar as commissions are concerned, reference was made to the Roberts & Rhea office of Fort Worth. The statement was made that Stuyvesant, for which Roberts & Rhea are Texas managers, is the only stock company in the state issuing a participating policy.

Frank F. Roberts of Roberts & Rhea states that Merchants Fire of Indiana, for which Roberts & Rhea are also Texas managers, also issues a participating contract.

Roberts & Rhea are also state-wide agents for their own company, Fort Worth Lloyds. Roberts & Rhea represent locally a number of mutual and reciprocal carriers but they have no state-wide connection except with Stuyvesant, Merchants of Indiana and Fort Worth Lloyds.

The total assets of Fort Worth Lloyds were increased last year by 17 percent, premiums by 20 percent and surplus by 21 percent, Mr. Roberts states. Assets are now \$287,660, guarantee fund \$125,000 and net surplus \$64,467.

Whitner & Co. Enters Life Field

Whitner & Co., oldest fire and casualty agency in Atlanta, has opened a life department with E. P. Eve, Jr., as manager.

Program for War Halted Party

Those who had been invited to the luncheon celebrating the 75th anniversary of the Davis, Bradford & Corson agency of Nashville received a copy of the program and menu that had been arranged. The party was planned prior to the Pearl Harbor attack and then was called off in the spirit of the hour, the host announcing that after the war the agency will be host to a victory celebration. The program contains numerous historical references in connection with the growth of the agency commencing in 1867 when the agency was established by P. P. Peck. Home of New York has been continuously represented by the agency since that time.

Monetary awards were made to those with the agency for more than 20 years: Arthur Cooney, Jr., cashier;

Mrs. Lottie M. Thomas, casualty and bonding clerk; E. L. Lee, assistant to manager, and Margaret X. McMillan, manager accident department. A bronze plaque was presented to the agency by Home, inscribed to indicate the agency held contract No. 47.

Set Deadline on Fire Aid

DALLAS—March 1 has been set as the deadline by the Dallas city council beyond which the Dallas fire department will not fight fires beyond the city limits unless the county arranges to reimburse the city \$45,000 annually. The county has set up only about \$3,000 in its budget for 1942 and that merely covers the payment on a truck bought some years ago and turned over to the city fire department.

Nashville Losses Soar

NASHVILLE—Nashville's 1941 fire loss of \$542,948 represents an increase of \$314,171 but losses totalling \$132,159 are chargeable to Lyle Hancock, a confessed "fire bug." Insurance covered \$478,434 of the total loss for the year.

Cawthon on Tour of State

R. T. Cawthon, Nashville, manager Tennessee Association of Insurance Agents, is on a two-weeks trip to east Tennessee which will carry him to Chattanooga, Cleveland, Athens, Greenville, Kingsport, Knoxville, Johnson City and Bristol.

NEWS BRIEFS

A letter written by W. R. Ford, director educational bureau, Dallas fire department and consultant of the fire prevention council and civic committee for fire prevention has secured better cooperation of business firms and also won honorable mention from Dart-



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nell Corporation in its contest for effective letters. The letter emphasized that 31 persons died in Dallas fires last year and property loss was \$761,990 for 10 months.

The city of Richmond, Va., is planning to expend \$40,000 to overhaul wornout and obsolete fire department

equipment, much of which, it was recently disclosed, was in bad shape.

The Nashville Association of Insurance Women voted to invest the club's funds in defense bonds. Miss Edna Mae Gay, past president, was named editor of "Gem Clips." A quiz session was staged.

PACIFIC COAST AND MOUNTAIN

Elmendorf-Anthony in 50th Year; Names Vice-presidents

Elmendorf-Anthony Company, Spokane general agent of Aetna Casualty & Surety, which also represents a number of leading fire companies, celebrated its 50th anniversary. Coincidentally, LeRoy B. Way was elevated to vice-president. He is manager of the insurance department. R. J. Burns was also named vice-president.

H. T. Anthony, president, is past president of Washington Association of Insurance Agents, and a pioneer in the organized agents' movement. He was host to out-of-town guests at his home,



H. T. ANTHONY

and the visitors joined staff members at a dinner.

Mr. Anthony announced a bonus equivalent to a month's salary for each employee. Half the bonus was paid in defense bonds.

Mr. Anthony traced growth of the firm since its founding in 1892 by the late F. E. Elmendorf. Premium volume is up 17 percent, it was reported. Vice-president Lowell M. Baker was toastmaster. Guests included Mr. and Mrs. W. M. Hansen and Mrs. M. C. Owings of Seattle. Mr. Hansen and Mr. Owings are managers in the Coast offices of Prudential. Also Mr. and Mrs. J. W. Blaney of Seattle. He is northwest field supervisor for Aetna Life affiliated companies. Mr. and Mrs. Budd Long and Mr. and Mrs. Marion Crumpacker of the Aetna Life organization at Spokane and members of their branches were present.

California Regionals Cover Many Timely Subjects

SAN FRANCISCO — Present economic conditions brought about by the war, the elimination of the new car market for insurance, tire rationing, the effect of priorities on reconstruction following destruction of property and results of various government regulations and restrictions, will provide the principal topics for discussion at the spring regional meetings of the California Association of Insurance Agents which open in Sacramento on Feb. 2.

President H. H. Hendren will be the principal speaker at meetings in the central section; while C. W. Carpenter, vice-president will cover the northern California towns. Harry Perk, Jr., national councillor, is in charge of meetings in the southern section. Rep-

resentatives of the fire and casualty fieldmen's groups will also speak. Frank Colridge, executive secretary, will speak at all meetings.

Other meetings in northern California are scheduled as follows: Chico, Feb. 3; Vallejo, Feb. 4 (noon); Petaluma, Feb. 4 (night); San Jose, Feb. 5 (noon); San Mateo, Feb. 5 (night); Oakland, Feb. 6 (noon), and Salinas Feb. 6 (night).

Meetings in central California open at noon Feb. 9 at Stockton; Merced, Feb. 9 (night); Fresno, Feb. 10 (noon); Visalia Feb. 10 (night).

Southern California meetings are scheduled as follows: Bakersfield, Feb. 11 (noon); Associated Agents of Southern California with locale to be announced later, Feb. 16; Los Angeles, Feb. 17; Santa Ana, Feb. 18 (noon); San Bernardino, Feb. 18 (night); San Diego, Feb. 19.

Los Angeles Courses Crowded

LOS ANGELES — Educational classes conducted by the Insurance Exchange of Los Angeles, in which the Insurance Institute of California course is being presented, are drawing maximum attendance. The number of agents, brokers and their employees who can be accommodated has reached the limit, the Monday classes having 61 enrolled and the Thursday classes 67. Members of the speakers bureau of the Southern California Fire Underwriters Association who lectured last week are: C. M. Mortenson, Fireman's Fund, on general introduction to fire insurance; A. M. Schneider, superintendent of agencies Springfield F. & M., and Resident Vice-president Marshall Paxton of Edward Brown & Sons, on clauses and statutory provisions of the fire policy, and C. E. Curry, manager of Boston and Providence Washington, on coverages. The course will continue for 22 more weeks and includes further lectures on fire insurance, liability, aviation, workmen's compensation, automobile material damage, and other subjects.

Special Agent's Lecture Service

LOS ANGELES — Southern California Fire Underwriters Association, made up of fire special agents in southern California, has been participating in the educational program sponsored for local agents associations throughout the state by the Insurance Institute of California, a subsidiary of the California Association of Insurance Agents. The special agents are extending their field and carrying the message of board stock insurance to other civic bodies through its speakers bureau. The first of the civic organizations to avail itself of this service this year was the Junior Chamber of Commerce, Riverside, Cal. A. N. Bushnell, Sr., special agent Fireman's Fund, spoke before that body this week on "Fire Prevention."

King County Group Donation

The King County Insurance Association of Seattle has purchased \$1,500 of defense bonds and appropriated \$250 as a contribution to the Red Cross. The hospitality headquarters traditionally maintained prior to the annual banquet were eliminated and funds ordinarily used for refreshments were added to the donation. The next monthly meeting will be at a luncheon, Feb. 19. A. W. White is chairman of the program committee.

J. N. Lewis in Colorado Springs

J. N. Lewis, formerly state agent for National Liberty in Oklahoma, more recently with the Meserole companies in Oklahoma and Kansas, has established an independent adjusting office at Colorado Springs, handling fire, automobile, inland marine and casualty losses.

Hyde Named by Groninger

Robert H. Hyde has been appointed special agent for Groninger & Co., Seattle general agents. He has been serving as an underwriter for a year, prior to which he was with Balfour, Guthrie & Co. He will cover western Washington.

Merriam Talks on Gas and Bombs

PORTLAND, ORE.—George R. Merriam, Cosgrove & Co., told the Portland Association of Insurance Agents how to combat gas and incendiary bombs at the monthly meeting. Mr. Merriam recently completed a course in chemical warfare.

Adopts Extended Cover Changes

The Washington Surveying & Rating Bureau has adopted the new war risk exclusion clause and revised vandalism endorsement for the extended coverage endorsement. These changes follow amendments in coverage and rates announced by the Explosion Conference last November for riot and civil commotion policies, and have already been adopted by the Pacific Board.

EASTERN STATES ACTIVITIES

Proposed N. Y. Law Requires Mortgagee to Repair Premises

ALBANY—Senator Gutman and Assemblyman Corcoran have introduced bills in the New York legislature making it mandatory for mortgagees to apply fire insurance loss payments toward repair or replacement of damaged property. It is not indicated what support these bills have.

The present statute, Section 254 of the real property law, makes it optional with the mortgagee, on receiving payment for a fire loss, to apply the money toward reduction of the mortgage debt or to turn it over to the owner of the property for repair or replacement. The proposed amendment abolishes this option and permits the mortgagee to apply toward the mortgage debt only any excess recovery not "necessarily required" for replacement or repair.

Estimates Required

The proposed bill provides that the owner of the property shall submit estimates of three contractors for repair or replacement work to the mortgagee and requires the mortgagee either to approve one of them within ten days or to submit three other estimates for the approval of the mortgagor. If the two parties cannot agree, an umpire is to be appointed, under a procedure similar to that provided for appraisal in the standard fire policy. The proposed law provides that repair or replacement need not be undertaken if the owner of the property is in default as to interest, principal payments, taxes, assessments or water rates at the date of the fire, but the owner may secure a right to repair by paying up any default.

While it has been the custom for mortgagees to permit insurance money to be applied for repair, in the past this was strictly at the option of the mortgagee and the provisions of most mortgages regarding insurance confirm this position. Presumably, this law, if passed, can affect only mortgages with such provisions which are entered into

NEWS BRIEFS

Lester W. Pettit has resigned from the Seattle staff of Marsh & McLennan to become associated with James Wood Frazier in a new agency with headquarters at 300 Insurance Building, Seattle. Mr. Pettit started with the Constitution Indemnity in New York and joined Marsh & McLennan in New York before going to Seattle.

Paul Ragan, special agent Hartford Fire, and Karl F. Glasbrenner, special agent Glens Falls, representing the speakers bureau of the Southern California Fire Underwriters Association, spoke on fire insurance lines before the Santa Ana Insurance Agents Association.

C. E. Curry, president Southern California Fire Underwriters Association, and V. W. McKinney, the speakers bureau chairman, addressed the Insurance Girls Service Club of Los Angeles on "Fire Insurance."

Edwin L. Campbell, engineer, has joined the staff of William S. Kelton, Seattle appraiser and adjuster.

A new agency has been established in the Exchange building, Seattle, by Walter C. Huffine, formerly executive secretary of the Seattle Traffic & Safety Council.

Walter D. Baker, a prominent local agent at Colorado Springs, has been appointed on the local tire rationing board.

C. S. Foote, Jr., and S. R. Williams have established the United Insurance Service in Los Angeles.

after the law goes into effect, because of the prohibition in the federal constitution of laws impairing the validity of existing contracts.

Approves War Risk Filing

The New York insurance department has accepted the forms and rates for war risk property damage and automobile cover submitted by General of Seattle. Automobile coverage will be handled on the basis of two zones, the first including all territory within 200 miles of the Atlantic, and the second the balance of the state. Rates in zone 1 are 75 cents, subject to an earned minimum premium of \$3 and 50 cents in zone 2 with a minimum of \$2.50. The war risk endorsement may not be canceled by the company unless the coverage of the entire contract is canceled.

The war risk property damage coverage follows the forms and rules of the Explosion Conference which relinquished jurisdiction over war and bombardment insurance, Jan. 12. Private dwellings are written on a non-cancelable basis but other risks are written on a 60-day cancellable basis.

Booklet on Agency Records

NEWARK—The New Jersey Field Club, has issued an interesting booklet entitled "Is Your Agency Solvent?" which is a discussion of agency operations. The foreword states the aim is to produce a guide for company men and agents as to fundamental records to be kept by agents in order to produce a profit by being aware at all times of his financial status. Copies may be obtained from Franklyn Thurnall, Westwood, N. J., at 5 cents per copy.

Bodwell Elected at Manchester

MANCHESTER, N. H.—The Manchester Fire & Casualty Insurance Association heard a talk on civilian defense by A. C. Hudson, secretary New Hampshire Board of Underwriters at its annual meeting and voted to buy a \$500 defense savings bond. The following officers were elected: President, Warren A. Bodwell, Lockwood Agency; first vice-president, David A. Lamoureux; second vice-president,

Sherburne N. Marshall; third vice-president, Clarence Kemp; secretary-treasurer, Arthur E. Card; new directors, Joseph A. Laflamme, John Nelson and Ernest Lathe.

Vermont Agents Confer

MONTPELIER, VT. — The Vermont Association of Insurance Agents at a meeting here took up serious consideration of the personal property floater. President Howard A. Allen presided. Characteristics of the special coverage were explained by J. Homer Donica, assistant manager inland marine department America Fore group.

Following discussion of the personal property floater and expression of opinions as to whether it was desired for Vermont, and the problem of mandatory extended coverage, the agents went on to consider the activities of state and national associations and suggested changes in New England rates and rules and closer cooperation between stock and mutual companies.

Bartell to Field & Cowles

BOSTON—William W. Bartell, following 10 years' experience at the United States head office of the Royal in New York, has been appointed by Field & Cowles of Boston, New England managers, as special agent for northeastern Massachusetts and New Hampshire. He will assist Charles H.

U. S. War Cover Is Discussed at Senate Hearing

(CONTINUED FROM PAGE 3)

administrator that he did not know since, he pointed out, "We can't get there to find out."

In response to a question as to why a billion dollars was determined upon rather than leaving the question of losses to be settled later, Mr. Jones explained that by fixing a definite sum for the insurance and prescribing a definite program, the public will know the government really has assumed a responsibility to give protection against losses, whereas it was felt if the program was indefinite and no specific sum of money was provided the people would not be certain they would be recompensed for enemy losses.

At the close of the open hearing Stuart B. Hopps of the Rhode Island said he wanted to be heard by the committee. Then Paul Haid, president of the Insurance Executives Association, who was at the hearing with some of the stock company executives, stated that he also would like to be heard. They were to appear before the committee at a session Wednesday morning.

Security Board Represented

As the senate committee began its hearings, Miss Jane M. Hoey, director of public assistance of the Social Security Board, revealed that her organization also is studying a broad program of benefit payments and personal and property insurance for civilians.

Miss Hoey said she could not reveal details of the program but that its features include benefit payments for civilians injured and insurance on property damaged by enemy action.

Emphasizing the importance of government participation in the underwriting of war risk insurance, Mr. Hopps, representing a group of independent insurance companies, on Wednesday told the committee that it would be necessary for the government to reinsure between 90 and 95 percent of the total coverage.

Mr. Hopps said he believed war risk coverage through use of government funds was necessary, but added that such government aid should be confined to the re-discount type of insurance.

"Existing insurance companies," he said, "feel that they can handle the mechanics of underwriting better than a

Symonds, special agent. Mr. Bartell attended Columbia University, graduated cum laude from the insurance course of the Insurance Society of New York and then went to the Royal offices in New York City.

Form Sabotage Committee

CAMDEN, N. J.—The Camden Association of Insurance Agents has organized a "sabotage committee" with Robert Harmer as chairman. The committee will work in cooperation with the civilian defense committee in that territory.

Dole Aid to Blackall

Frank R. Dole has been appointed executive secretary to Commissioner Blackall of Connecticut. He takes the place of John R. Royston, who is now secretary of the Connecticut Savings Bank life insurance fund trustees. Mr. Dole has been representing United States Life in Hartford.

Oscar H. Merz, vice-president Fidelity Union Trust Co., Newark, is retiring after 50 years of service. He will establish an insurance agency and real estate office at 9 Clinton street.

Mid-year convention of the New Jersey Association of Insurance Agents, March 19, Essex House, Newark, will center about the theme, "Conservation for Victory."

new government agency but they need a government fund to use as a crutch."

Use of the term "free insurance," Mr. Hopps said, is objectionable. The government, he said, could not make a free gift to the people. Mandatory insurance from the standpoint of the underwriter is most desirable, he said, but it would be difficult to enforce since it would be impossible to get the idea of an added tax out of the public mind.

Mr. Hopps asked that in adopting a system of government insurance the committee consider the one now used by the Maritime Commission in underwriting marine insurance. Under the law the commission is given authority to write insurance when it cannot be obtained from private companies at reasonable rates.

"While this acts like a sort of club in the commission's hands," he said, "to the best of my knowledge the system is working out very well and the commission has not up to this time had to use its authority."

Prior to Mr. Hopps testimony, Roy H. Owsley, assistant director of the American Municipal association, urged the committee to broaden the program to specifically include municipalities. Few municipalities he said, could sustain property losses out of their own funds, and must depend upon federal aid.

This war, he said, is being fought by the whole American people, and protection through such devices as war risk insurance can be provided effectively and equitably only by the National government.

Congressional delegates from both the territory of Hawaii and Alaska asked that any program of war risk insurance

be extended to cover their respective territories.

Jesse Jones said that the W. I. C. program is broad enough to embody some such plan as Mr. Hopps suggested. He disagreed with Mr. Owsley, however, stating that with their taxing powers municipalities could provide their own protection for municipal property.

The representatives from Hawaii and Alaska asked that the program be made retroactive to Dec. 7, but Senator Taft said that wouldn't be insurance. The island representatives also want the protection applied to loss of property as a result of war action destroying communication facilities such as railroads and steamships.

Protection Mutual Deal

Approval has been given by policyholders of Protection Mutual Fire and Mill Owners Mutual Fire of Chicago to a merger under the title of Protection Mutual. These companies were operated from the same office, as members of the Factory Mutual group. Assets of the combined companies as at Dec. 31, were \$2,674,269, reinsurance reserve \$1,483,494 and excess of assets \$1,190,774.

Explains Cal. Department Stand

LOS ANGELES—E. P. Fay, chief assistant commissioner, told the California Insurance Bureau the position of the department on the subject of agency conduct. He spoke on "Agency Problems" at a meeting.

The Blue Goose Luncheon Club of Sioux Falls, S. D., at its Monday luncheon heard John Tuthill of Sioux Falls on the value and necessity of lumber. He showed a moving picture on lumber.

The annual dinner dance of the San Francisco Blue Goose will be held March 2.

MARINE

Frazier Becomes Louisville Manager

R. T. Frazier has been appointed in charge of the Kentucky branch office of Jones & Whitlock. It is located in the Starks building, Louisville.

Mr. Frazier has been engaged in the insurance business for many years, having been marine underwriter of Osborn & Lange in Chicago and for several

years in charge of the Lloyds and marine departments of Bartholomay-Darling & Co. there. Then he was superintendent of the western marine department of Hartford Fire. More recently, Mr. Frazier was western manager Manufacturers Casualty in Chicago. He resigned from his position in the agency department of Engelhard & Co., Chicago local agency, to assume his duties with Jones & Whitlock. In his new connection he operates under direction of Albert H. Grupe, vice-president of Jones & Whitlock, Chicago.

J. Jack Johnson, who was originally employed to manage the Kentucky office, will remain in Chicago as underwriter in the London Lloyds department.

Crowther with American

K. V. Crowther, formerly special agent in the New York metropolitan department of Springfield F. & M., has joined American as manager of the inland marine department in the metropolitan and suburban division. He takes the place of Roger Wheelwright, who has gone with Marine Office of America.

MOTOR

Insurers Want Motorists to Keep Record of Tires

A good many insurance companies and agencies are taking pains to recommend that insured motorists make a record of their tire numbers, making the point that in the event that tires are stolen the insurance company will make a cash settlement but if the tires are subsequently recovered by the police and can be identified by the owner, the insurance company will turn those tires back to the assured if desired and the indicated cash adjustment is made. It is, of course, to the interest of the insurance company to have assured keep such a record, as it gives the insurance company an opportunity to get salvage that it could not get if ownership of the tires could not be established. Although the suggestion is being conveyed to individual motorists to a certain extent, the matter is being taken up by a number of companies systematically with fleet operators.

Want Tire Theft Bureau

NEW ORLEANS—Creation of a tire theft bureau has been asked of the New Orleans police department in a resolution adopted by the New Orleans Claim Men's Association. Marcel Remson and

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Warren A. Lund were named members of a special committee to push the matter. Tire thefts were formerly of negligible importance, but in one week since closing down of new tire supplies a total of 350 theft claims were filed.

Tire Thefts in Minnesota

ST. PAUL—Tire thefts in Minnesota are taking on the dimensions of an organized racket and already there is talk of legislative action that will make the offense a felony punishable with a term in prison.

Trucks loaded with new tires are being waylaid and robbed; garages are being broken into and despite police vigilance parked cars are being stripped of their tires. St. Paul police have been instructed to question anyone seen changing a tire to make sure he is the owner of the car.

Operators of parking lots are responsible for the protection of cars left in them, the Minnesota supreme court has ruled in affirming a lower court verdict

in favor of a motorist whose car was taken from the lot and badly damaged. It was recovered a week later. The supreme court held that the relationship between the owner of the car and the parking lot was in the nature of a contract to hold property and later deliver it.

Offer Reward for Tire Thieves

JACKSON, TENN.—The Castle-Seaton Agency is running an advertisement in the local newspaper: "A cash reward of \$25 will be paid for information that leads to the arrest and conviction of the persons who steal a tire off of a car on which we are carrying theft insurance. If you have a car now, it's worth insuring."

The California insurance department recovered \$3,367 during December for assured on overcharges made by automobile dealers on financed car insurance.

Accident-Health Big Defense Factor

(CONTINUED FROM PAGE 30)

ship may be substituted for comfort, sorrow for happiness, ignorance for education.

However, the machinery already exists for defending the American home against the ravages of disability in the institution of accident and health insurance. The worst criticism that may be offered is that it has solved such a small part of the total problem. Even so, it pays into needy homes nearly \$200,000,000 per year.

The great problem facing every man today is how he can best serve his country. He declared that in most cases it can best be done if a man skilled in any employment continues in that field.

Conclusions Summarized

In summarizing he said:
 "(1) No business or profession plays a better part in the development of our nation than does the institution of accident and health insurance by its defense of the American home. (2) Although the service which it is now rendering is invaluable it must be developed to a far greater point. (3) Its service is equally great whether in peace or war. (4) It serves to help defend the homes, not only of millions of policyholders, but also the homes of tens of thousands of salesmen and employees in rendering that service. (5) Let us sell both sickness and accident coverage. With sickness two or three times as prevalent as accident, we have done only a partial job when we have sold only straight accident insurance. (6) I have no quarrel with the issuance of limited policies but I do believe that we must sell as complete coverage within the limits of sound underwriting as the insured can afford to pay for. (7) In line with the old adage, 'If a thing is worth doing, it is worth doing well,' let us sell our prospects so thoroughly on the need of protection that not only will they buy it but maintain it in force and, further, that they will want enough insurance to see them through periods of disability.

Situation Presents Challenge

"You and I are presented with this challenge: While our sons and brothers are on the battle fields, on the sea and in the air in the defense of our homes against external foes, you and I must redouble our efforts so that we can do a still bigger and better job during 1942 and the years to follow in the defense of our homes against the internal foes of accident and sickness."

At the business session, three resolutions were adopted, one pledging the fullest support to the nation's war effort, another declaring that expirations of producers called into service should remain inviolate, condemning any effort to raid such business and urging that local associations take steps to protect that business, and the third opposing any

weakening of the war effort by any experiments in costly social legislation.

W. B. Cornett, chairman of the membership committee, expressed confidence that the quota set by the committee of 25 new associations this year would be reached before the annual meeting in June. In addition to the new associations already reported, he read a message from G. A. L'Estrange, Wisconsin National Life, Oshkosh, Wis., in regard to the formation of a Fox River Valley association in that area. He said P. E. Ansel, president of the newly organized Baltimore association, had pledged formation of associations in Wilmington, Trenton and Richmond, and that steps toward organization already are under way in Sacramento, Louisville, Hartford and Albany.

Interesting Multiple Line Men

J. H. Garneau, Hartford Accident, speakers bureau chairman, told of the work it has already done in the way of interesting multiple line agents in accident and health through speakers at state and regional meetings of local agents, and said there should be an especial opportunity along that line the coming year, with the possible slump of business in other lines. He announced that C. F. Lundquist, Chicago, and C. C. Washburn, San Francisco, had been named co-chairmen for their respective districts and that requests for speakers in those districts should be sent to them.

Committee reports also were made by Fred M. Walters, public relations; C. Norman Green, Accident & Health Week, embodying his plan for local programs centering on the idea of accident and health insurance as a defense for the home; Mansur B. Oakes, education; D. E. Compton, business standards, and F. G. Packwood, regional directors. Mr. Oakes also reported for the special committee on a National association emblem, recommending adoption of a design submitted by Lysle Kindig, Massachusetts Bonding, Kansas City.

Monday night "T Formations for the App Bowl" was presented, reproducing transcribed actual sales talks of four top-notch Kansas City accident and health salesmen, with Mr. Kindig as the "coach," assisted by Guy Lane, Carl Damon, L. Tuller Bayless and George Swaney, salesmen, and Ray Moser, prospect.

The entire day Tuesday was given over to the "Pattern of Production" sales congress, with a sales congress luncheon at noon and a banquet in the evening as the closing convention feature.

All of the local Kansas City committees, headed by F. Glenn Packwood, Massachusetts Bonding, as general chairman, were operating in high gear and were given high credit for the signal success of the meeting.

Clyde E. Dalrymple, Preferred Accident, Milwaukee, in his opening address as president of the National association, also stressed the defense theme. He said that the theme and objective of his administration, "Nothing Short of an All Out," announced at the annual meeting in Los Angeles last June, has taken on a greater significance than was anticipated at that time. He declared that the membership will not only continue to give an "all out" for the association and the business, but give their all and play their part in the defense and victory of the nation. "We all realize more and more each day why we are buying and selling defense and victory bonds and stamps and why our taxes will be a greater obligation than ever before," he said. "Do we fully appreciate our responsibility to our neighbors, that they shall never be prevented by disability from buying their bonds and paying their taxes?"

He extended greetings to the new associations established in Baltimore, Washington, D. C., Madison, Wis., and Wichita, Kan., since the last meeting, and to the Boston association, which has just affiliated with the National association.

Have Definite Responsibility

"You and I have the very definite responsibility that every man, every woman and every family shall receive our guidance in procuring that protection which is the very foundation of every home," Mr. Dalrymple said. "They cannot and we should not allow or require all of them to wait for some other source to afford them accident and health protection. There is no other medium that can approach our effectiveness and promptness of reimbursement. But we must seriously recognize that if we do not do our job as we know it should be done, possibly someone else will do it for us."

In connection with the suggestions put forth for government sponsored plans for medical care, he said that doctors and accident men have a common basic interest in these medical plans and should form a common front. He announced that a program is being developed for local associations so that this natural common interest between accident and health men and the medical profession can be developed. "We must have a greater working knowledge of the doctor's business," he added. "He must know more about accident and health."

MAYOR MAKES HIT

C. A. Sholl, Globe Casualty, Columbus, O., third vice-president National association, presided at the opening session and introduced Mayor Gage of Kansas City, who not only set a precedent by appearing himself to give the address of welcome instead of sending the third assistant corporation counsel, but made a big hit by his grasp of present-day insurance problems.

The attendance at the afternoon session was augmented by about 100 Business Men's Assurance men who had been attending a meeting of their own in the morning. Homer Bisch, National Casualty, Toledo, National association second vice-president, presided at that session.

Methods of Making Quotas

Following the talks by Mr. White and Mr. Powell, Mansur B. Oakes of Indianapolis offered some suggested methods for reaching certain of goals or quotas. He said that a quota is set up, first, because of the need to plan one's work on an engineering basis and, second, to meet the producer's minimum needs and desires.

Among the factors that play a large part in making one's quota he listed mental attitude, utilizing latent resources, knowledge of the business, moving half a step faster, conforming

with professional ethics and forgetting self.

He listed eight steps in putting sales work on an engineering basis, with especial emphasis on programming and planning one's work.

Local Association Session

The local association session, conducted by F. Glenn Packwood, Massachusetts Bonding, Kansas City, brought out many valuable pointers on local association administration. In opening the session, Mr. Packwood said that holding such a session is particularly appropriate as the primary purpose of the national group is to coordinate and assist the work of the local associations and it can be no stronger than its local units.

NOW AT CRUCIAL POINT

Accident and health insurance is at the most crucial point in its history, Fred M. Walters, General Accident, Philadelphia, declared in his address.

"We are at the fork of the road," he said, "and the path we take will spell the answer to what we shall have five or ten years hence. The 23 months that lie ahead, between now and Jan. 1, 1944, will tell the story."

Referring to President Roosevelt's request for additional social security taxes and the broadening of benefits to include disability, he said reliable sources are of the opinion that no measures will be adopted in the near future as respects temporary disability, "but there can be little doubt that some form of disability insurance legislation will be enacted before 1944, unless in the meantime we have made good progress toward eliminating the need. Those who favor compulsory insurance point to the fact that private insurance has not been able to insure the majority of those who need it, and this is a powerful argument which we have no more than 23 months to refute."

Opportunity Never Greater

Never before has there been a greater opportunity for accident and health men to increase their business and their earnings, he declared. He estimated that by the end of 1940 there probably will be 54,000,000 workers who will be earning higher average incomes than ever before, will have the greatest possible need for income protection—and will have the means to pay for it and will be glad to do so. Even with 10,000,000 men who would ordinarily be prospects in the army and navy, there will still be plenty of prospects to keep every one busy, when it is considered that today only about one-third of all employed persons are insured, and many of these are by no means fully protected.

The people themselves must have a realization of their need for disability insurance and some understanding of what is being done to meet that need. Here's where public relations comes in, Mr. Walters said.

How Indianapolis Won Trophy

"Sales of new policies will be in direct ratio to the kind of job we do along the lines of public education," he said. "More and more we must dramatize our business to create public interest, and we can do this more effectively and more rapidly through local associations than in any other way."

"Each new association, in addition to helping materially on the local front, makes the National association that much stronger and helps it to help everyone in the business—and the public, too, by preserving the American way of private enterprise. It may require that two or three men give more than their fair share of time to the formation and direction of a new association, but they will have the satisfaction of knowing that they have done a real service for themselves and for others."

C. Norman Green, Indianapolis, told

methods followed by the Indianapolis association which enabled it to win the Ferguson Trophy for the present year. One factor was that its program was broad enough so it gave evidence to the public that it was not primarily on a selfish basis. He reviewed some of the highlights of the mid-year meeting in Indianapolis last January and the Accident & Health Week observance which honored the organizations promoting public health and safety.

Don E. Compton, Provident Life & Accident, Chicago, discussed "Presenting Programs Members Cannot Afford to Miss." He said the reason why such programs are not always presented is primarily lack of cooperation and the tendency of those in charge to arrange programs of interest to themselves rather than having in mind the interests of the group as a whole.

Why Hold Sales Congresses?

Present-day conditions which make it particularly important for every local association to hold a sales congress this spring were pointed out by R. B. Smith, Great Northern Life, president Oklahoma City association. The first reason he cited is the changing market. New vocations are springing up daily. People are employed on jobs that did not exist six months ago. Accident and health insurance is a business in which there are no priorities, no shortage of materials and in which no substitutes are either necessary or possible.

A second reason is the necessity for proper instruction of field men in conservation of old business, so that they will be trained and able to give the right information to policyholders as to their coverage and the importance of retaining it.

Problem of Recruiting

The problem of recruiting new men already has presented itself. There is a world of new material available in men who have been engaged in occupations that are not only temporarily but possibly permanently out of the picture. There also will be increased problems as to the handling of brokerage business. With the probable reduction of new business for fire, casualty and automobile writers, they will naturally turn to other lines, and accident and health insurance is their best bet.

Hospital insurance should have a conspicuous spot on any sales congress program, Mr. Smith said, probably in a clinic or panel discussion bringing out the features of the various types of coverage offered, requirements to obtain this insurance, underwriting and claim experience.

He suggested that the National association should properly build the program, lining up eight or ten outstanding men and assigning three or four to each sales congress, to be supplemented by local men if more speakers are needed, and that definite information be given in advance as to cost of securing these speakers.

Chicago Board Division Is Voted

(CONTINUED FROM PAGE 5)

The board reelected all officers: George R. Bowman, vice-president R. A. Napier & Co., president; Walter M. Sheldon, vice-president W. A. Alexander & Co., vice-president; William H. Potter, Jr., Cook county manager Phoenix of Hartford, treasurer. New directors are Henry L. Buswell, Lunde & Buswell; John R. Cashel, western manager Providence Washington, and Harry J. Chidley, Chidley & Reynolds.

Separate Rating Organization

A separate rating and engineering organization will be constituted. Like the Illinois Inspection Bureau, this will be a strictly company matter, and members of the board will have no control or a

part in the rate making function. Details of separation of property as between the board as reorganized and the rate making body are being worked out by members of the board and a committee of company men.

The board will continue to maintain the Chicago fire insurance patrol. New members of the patrol committee are James S. Goodwin, Cook county man-



GEORGE R. BOWMAN

ager London Assurance, and C. W. Weisz, president A. F. Shaw & Co. Under Illinois statute the board is authorized to levy a premium tax for maintenance of the patrol.

Beginning March 1, 1942, the rules on commission and brokerage along with those on rates and forms will be enforced. To accomplish this, the board's department of investigation under W. W. Hamilton will be enlarged and special and periodical investigation will be made of all members and companies. Audits will be made to determine compliance with commission and brokerage.

Agent members of the board are required to maintain a sole agency of a company or to represent three companies, with companies in a fleet counted as one company.

Class 1 Dues Increased

Dues for class 1 agents are increased from \$50 to \$100 per year for the first member, the dues for the other members from that firm remaining at \$20 per member. Dues for membership by suburban agents and brokers remains at \$10. The term of the board of directors was increased from one to two years, three directors being elected at each regular meeting. The number of meetings has been reduced from four to two annually. The class 1 membership fund is being dissolved and the proceeds distributed.

Expense allowance to class 1 agents has been deleted. Members of the board pledged themselves to negotiate no new agreements governing such expense allowance after Jan. 22.

Officers of the board and Manager Parker were authorized to study the problem of expense allowance with representatives of affiliated companies and to report their findings in 90 days. The board's resolution pointed out that it would prove detrimental to stabilization and affect acquisition costs in Cook county if supervising agent members were to negotiate any new agreements governing expense allowance after Jan. 22. This subject will be studied along with the 80-20 rule and the agency limitation rule.

Both the suburban agents and brokers committees will consist of five members, and all five of each committee are entitled to attend meetings of the board, but only the chairman and vice-chairman of each committee become members of the board of directors.

The manager of the board will nominate ten brokers and ten suburban

agents for each committee. The secretary of the board will send a ballot to all members in each class, and they will vote for five. The five receiving the largest number of votes will be elected for one year. Each committee elects its own chairman and vice-chairman.

The Insurance Brokers Association of Illinois has a committee studying the new board setup, and does not plan to call a general meeting to consider it until the committee reports.

Constitution Revised

Revision of the constitution and by-laws adopted by the Chicago Board members represents to a considerable extent a recodification, and reflects separation of the rating and engineering functions. All matters referring to the board as a rating organization were deleted.

With respect to enforcement of rules and regulations any abnormal cancellation and rewriting of business or any other unusual act designed or intended to circumvent the operation of the revised rules shall be considered a violation of such rules.

The proposal was made to discontinue requirement of a surety bond as a qualification for membership in the board. However, the bond is to be continued in effect pending further study. This is one of the minor items carried over with other controversial subjects to be given further study and discussion. The board requires all class 2 and 3 members to furnish bond for \$1,000, covering payment of premiums to companies up to that amount. The bond pays the premium. Class 1 members also furnish a bond, for \$3,000, the premium being paid by the board.

Bowman's Address

With adoption of the new constitution and by-laws, the classifications of real estate broker and non-resident member are eliminated. The real estate broker now falls in the broker classification.

Two territorial subdivisions for the application of the commission and brokerage rules, known as "the congested district," and "elsewhere in the County of Cook" are established. Property is divided into two classes, "preferred" and "ordinary." The "intermediate" class

has been eliminated and the property now in this class is transferred to the preferred category.

In his presidential address Mr. Bowman pointed out that the acquisition cost problem has been a matter of concern for several years. A board committee continued to study the problem in 1941, but when unanimity in the committee appeared to be impossible, the board accepted its report and relieved it of further duties. The directors then constituted the officers as a committee to continue the acquisition cost study, he said. The changes adopted Jan. 22 reflect the work of this committee of officers.

The board has operated in a dual capacity for many years, Mr. Bowman pointed out. It has maintained the functions of a rating and engineering organization and also performed functions usual to a trade association.

Prior to passage of the insurance code in 1937, with its rate law, the position of the board could only be attacked through the courts, he said. The board discharged its obligations to the public for many years without attack, which reflects a relationship based on fair and equitable treatment, he said. The code, however, placed the board under the jurisdiction of the department of insurance and completely changed its position.

Insurance Director Cooperative

Operations of the board were directed to the attention of the Illinois director of insurance with whom the board members held several conferences relating to its practices. The director took a cooperative attitude.

"It is with practical realization that the members were asked to make these changes," Mr. Bowman said. "We cannot afford to leave the interests of our companies subject to attack."

The mere fact that it will no longer perform rating and engineering functions does not mean an end to the usefulness of the board as a trade association, Mr. Bowman asserted. It can continue to serve the interests of its members and to the public. It can become a stronger organization and play an even more vital role in the insurance business in Chicago. It has been a necessary and integrated part of the business and may

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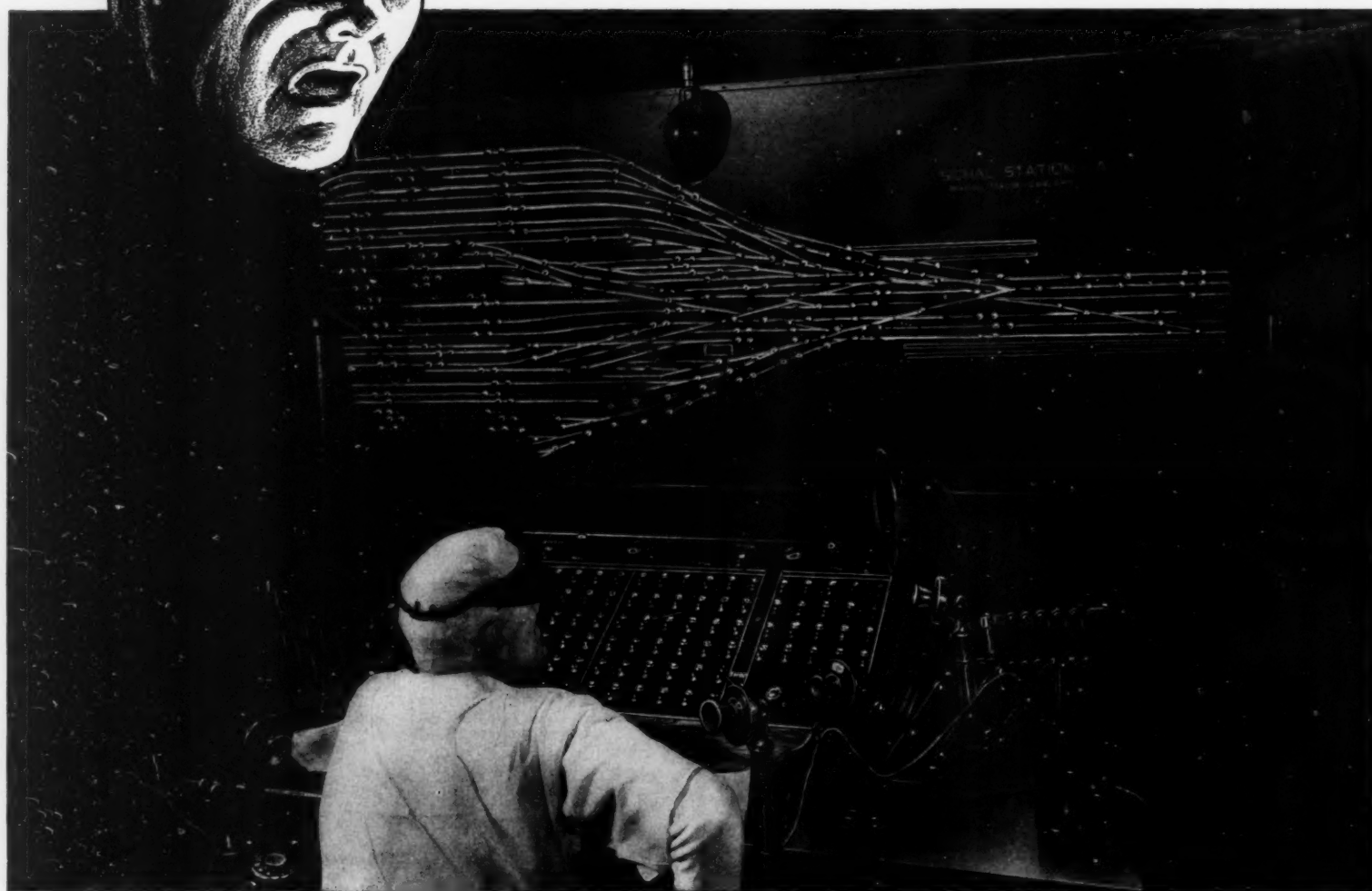
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